APRIL 28, 2008

Obama's Working-Class Woes

Why More Women Are Choosing C-Sections

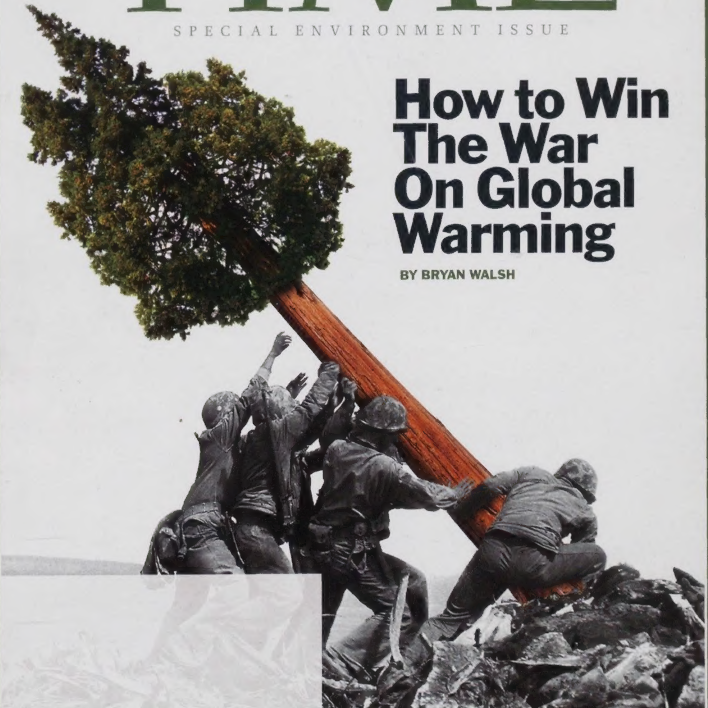
Can Richard Branson Save the Airline Industry?

TIME

SPECIAL ENVIRONMENT ISSUE

How to Win The War On Global Warming

BY BRYAN WALSH



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1 For more info, go to GreenCar.com. 2 Limited availability. 3 Excludes other GM vehicles. 4 Based on 2008 GM Large Utility segment and 2008 EPA estimates. Tahoe 2WD with available 5.3L V8 has EPA est. MPG 14 city/20 hwy. Excludes other GM vehicles. 5 Based on 2008 EPA fuel economy estimates of 21 MPG city. ©2008 GM Corp. Buckle up, America!

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CLOCKWISE FROM TOP LEFT: JIM WRIGHT—BERNSTEIN & ANDRIULLI FOR TIME; JOERG CARSTENSEN BASIS—EPA; KWAKU ALSTON FOR TIME; JULES FRAZIER—GETTY; JOE PUGLIESE FOR TIME

To Our Readers

Why We're Going Green.

It won't be simple, and it won't be cheap, but the war on global warming must be won—and TIME is ready to help

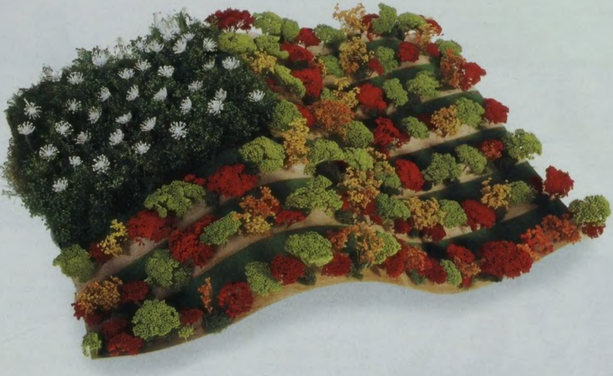

PHOTO-ILLUSTRATION FOR TIME BY ANN ELLIOTT CUTTING

THIS IS OUR THIRD ANNUAL SPECIAL ISSUE on the environment but also a historic first: for this one issue, we've exchanged our trademarked Red Border for a green one. By doing so, we are sending a clear—and colorful—message to our readers about the importance of this subject, not just to Americans but to everyone else around the world as well.

In our environment issue two years ago, we declared that the debate on climate change was over and that the verdict was in: the world is irrefutably warming. Last year we showed how we all have a role in saving the planet, devoting our issue to 51 things that you can do to help alleviate climate change. This year, in an agenda-setting piece by Bryan Walsh, we roll up everything into one megaproposal, a kind of 21st century Manhattan Project, using carbon-trading, alternative energy and an efficiency surge to get the most out of every kilowatt we produce—all with the aim of winning the war on global warming.

We're following our own advice. Time Inc. is the industry leader in sustainable development, and we are the first U.S. publisher to measure the carbon footprint of our entire supply-and-disposal chain, from logging operations to landfill. We have increased the percentage of our paper that comes from sustainably managed forests, from 25% to 69%. We have asked our paper companies to reduce CO_2 emissions at least 20% by the year 2012. And we're co-sponsoring a campaign called Remix to promote the recycling of our magazines. These efforts have been led by Time Inc. CEO Ann Moore and engineered by David Refkin, our director of sustainable development.

Global beat *After a start in Asia—which gave him insight into the dimensions of the climate crisis—staff writer Walsh came back to the U.S. to cover the environment full-time*

We are also pleased to work with CNN's award-winning *Planet in Peril* series and *Anderson Cooper 360°* in our reporting on the environment.

This week's cover story was written by Bryan, our Going Green columnist and environment writer. He got a start on his beat when he was based in Hong Kong as a writer covering science for TIME Asia. After a stint as Tokyo bureau chief, he moved to the U.S. in 2007. His experience in Asia has made him particularly sensitive to the need to balance environmentalism with economic growth. Bryan's piece is our call to arms to make this challenge—perhaps the most important one facing the planet—a true national priority.

Rick

Richard Stengel, MANAGING EDITOR


PlantItForward.com

10 Questions. The perky Food Network host's empire includes a magazine, a talk show and a nonprofit group. Her latest book, *Yum-O! The Family Cookbook*, comes out April 29. Rachael Ray will now take your questions

What were your favorite foods as a child?
Soyeun Yang, SUPERIOR, COLO.
My grandfather lived with us and was my caretaker, so I liked everything that old Italian men liked. I liked sardines and squid and eating calamari with your fingers and anything with anchovies, anything with garlic and oil. I still eat much the same way today. I was not a very popular girl when I opened my lunch sack at the lunchroom.

Why do you use extra-virgin olive oil on everything?
Katherine Hote, PHOENIX
That's how my family cooks. I try to cook a little bit of everything, but when it comes to what I enjoy, it's Mediterranean because that's what I am most familiar with.

You've had a lot of negative comments concerning your personal and professional life. How do you not let it get you down?
Amelia Leung
AUCKLAND, NEW ZEALAND
People gossip about you no matter what. With regard to the tabloid press, my husband and I have been through the whole gamut of emotions. First we were angry, and then sad, and then back to angry again, and then frustrated, and then we wanted to hire lawyers, and then at the end of the day you're like, Really? I don't have anything better to do? People are pretty divided about Martha [Stewart] and anybody who does this intimate thing where you're not only in people's homes but you're in their kitchens. There is very little [said] that isn't true: I'm not a chef, I don't bake, I am loud, I am goofy, and after a while, my voice is annoying.

If you had the chance, would you punch chef Anthony Bourdain [for the things he's said about you]? Be honest.
Dharan Kumar
KALAMAZOO, MICH.
No, I actually love and appreciate Tony Bourdain's work, and I think everybody has the right to their own opinion.

With all your books and shows and magazines, do you feel you have become overexposed?
Drew Pencek, WASHINGTON
It would be sort of a waste of energy for me to worry about that because it's not anything I have control over. I do manage it. I don't put my name on things I don't believe in. I love every page of our magazine. I'm extremely proud of it. I work very hard on each cookbook to make it different. I'm extremely proud of [the television show] because it really focuses on the viewers themselves.

Have you ever turned down a product-endorsement deal?
Tim Smith, SAN DIEGO
Thousands, and some products that I love and use. It's just that there is a finite amount of time in the day.

What is your favorite fast food?
Andy S. White, SCHODACK, N.Y.
There isn't a fast food that I don't like, really. *[Laughs.]*

Any suggestions for cooking in a college dorm room?
Allyson Van Buren
MORRISON, ILL.
Yes. Get good at a couple of group meals, and sell them off. It's a great way to make a quick living.

If you were stranded on an island but miraculously it had a refrigerator, what 10 ingredients could you absolutely not do without?
Matthew LeMay
PHILADELPHIA
I'd have to have olive oil, garlic, pasta, canned fish—anchovies if I had to pick just one—cheese. If my husband were on the island with me, then I have to have salami. I've got to have some prosecco and some other wine, and you need your roughage, so escarole—and I have to have some beans, so I'd pick white.

There's an old axiom: Never trust a skinny chef. Any comment?
John Rhodes, SALT LAKE CITY
Well, if he's trying to say I'm too skinny, thank you. I've never loved clothes enough to give up food, and I never will. ■

VIDEO AT TIME.COM
To watch a video interview with Rachael Ray and subscribe to the 10 Questions podcast on iTunes, go to *time.com/10questions*

JIM WRIGHT—BERNSTEIN & ANDRIULLI FOR TIME

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Postcard: Inner Mongolia. Among the Oroqen people of northern China, an ancient way of life is being lost in a flurry of assimilation.

China's last hunters face an uncertain future

BY AUSTIN RAMZY

Global Dispatch For a new postcard from around the world every day, visit **time.com**

THE ROAD TO BEIJING

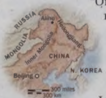
"HUNTING IS GOOD. IT'S GOOD for the body," says Baiyaertu, 83, his hazel eyes twinkling as he smokes a cigarette from a long plastic holder. "After you come back with something, you feel really happy." A member of the Oroqen, an ethnic group from China's northeast, he first pursued game in the wilderness as a child with his parents. It has been decades since he last hunted, but his memories are strong.

For most Oroqen, memories of hunting are all they have. As with many of its dozens of other ethnic minorities, China has moved aggressively to assimilate this small group of hunter-gatherers into society. At a time when ethnic unrest in Tibet and Xinjiang threatens to disrupt China's carefully planned Olympic celebrations, Beijing's experience with the Oroqen illustrates the benefits and costs of China's drive to modernity.

Dying out *The Oroqen's hunting traditions, unchanged for centuries, are disappearing*

TIMOTHY O'ROURKE—SINOPIX

For centuries, the group roamed the pine and birch forests of China's Greater and Lesser Xing'an Mountains, living in hide-covered dwellings called *sierranju* that are nearly identical to the teepees of North American Great Plains tribes. The Oroqen way of life continued largely unchanged until the middle of the past century, even as China rose and fell under war, revolution and invasion. But the modern world began to encroach with a vengeance after the founding of the People's Republic of China in 1949. Two years later, not long after the People's Liberation Army invaded Tibet, Baiyaertu and several other Oroqen leaders negotiated the formation of the Oroqen Autonomous Banner, a type of administrative division that dates back to the Manchu, on a 23,000-sq.-mi. (60,000 sq km) corner of Inner Mongolia near the Russian border. "There were so many of them and so few of us," he says. "What could we do?"



At that time there were just 2,251 Oroqen in China. By the 2000 census, the population had grown to 8,196. For many Oroqen, the end of a hunting lifestyle meant never wondering where their next meal would come from. "Before liberation, Oroqen went to the edge of extinction," reads a plaque at the Oroqen Museum in Alihe, the banner's capital, which credits the Communist Party with helping the tribe make the leap from primitivism to modernity. "Oroqen are marching towards the magnificent future."

Not everyone agrees. The Oroqen's traditions are eroding; their children speak only Mandarin. And they are now a minority in their own land. Immigration to Inner Mongolia has increased the total population of their banner to nearly 300,000, of which 90% are Han Chinese. "In the past, there was no road, no railroad. There were no Han people. There was nobody here," says Baiyaertu. "You could see deer, roe deer, everything. Now there are people here, and the animals have all gone." Faced with a dwindling supply of game, the government outlawed hunting on the Oroqen banner in 1996. While it is permitted for part of the year in adjoining Heilongjiang province and some Oroqen still head to the mountains to poach, hunting is vanishing as a way of life. For a people whose culture is based on the nomadic pursuit of game, the effect has been devastating. "They can't adjust to the rhythm of modern life," says Baiyaertu's son Bai Ying, 46, who works as a painter and cultural researcher in Beijing. "They can't farm, so they drink every day."

The assimilation of the Oroqen has been only somewhat successful, says Hing Chao, chairman of the Orochen Foundation, a Hong Kong–based charity that works to preserve the tribe's traditions. "They are assimilated, yes. But they are not integrated into the mainstream of society." To help the Oroqen cope, Beijing has launched initiatives including free housing, farming assistance and education. It's still possible that the Oroqen's future under China will be magnificent. But by then much of their heritage, like the game they once hunted, will have disappeared into the forests for good. ■

Business Books. You'll never see a career guide published just for men. So why are bookstores filled with professional makeovers for women? **A review of the latest in glass-ceiling lit**

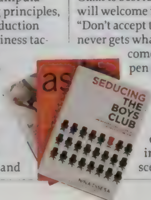
BY ANDREA SACHS

ILLUSTRATION FOR TIME BY TERRY ALLEN

ARE WOMEN COMPLETELY CLUELESS IN business? You might think so, given the number of career-advice books being written by and for women. "My first reaction is that this is incredibly discriminatory," says Jackie Wilbur, the director of M.B.A. career development at the MIT Sloan School of Management. "But as you think about this more, of course women have very distinct issues. It could be a tremendous service to create career guides that talk them through the acculturation process into corporate America."

The publishing industry is banking on that. Will Weisser, associate publisher of Portfolio, Penguin's business imprint, says that business-advice books written by men inevitably reflect a masculine approach. "Women in business are looking for something that speaks to their own experience." The success of *Basic Black*, Hearst Magazines president Cathie Black's best-selling 2007 advice book and memoir, paved the way for three provocative career guides for women, by women.

BOLD BUT NEVER NAKED AMBITION IS THE animating force of *Seducing the Boys Club: Uncensored Tactics from a Woman at the Top* (Ballantine), the audacious book by Nina DiSesa, chairman of the flagship New York City office of the advertising agency McCann Erickson. She lets out a war whoop, intent on "breaking down the barriers of that impenetrable bastion of male arrogance and supremacy: 'the boys club.'" One weapon, she confides, is "the Art of S&M (Seduction and Manipulation)." One of DiSesa's guiding principles, however, is, "Don't confuse seduction with sex (one is a brilliant business tactic; the other isn't)." Her other rules could be just as useful to men: "Always 'read' the room (you're less likely to step in s___); don't wallow in decision anxiety (it makes you look weak)." DiSesa even suggests that women be more like men—"decisive, focused, and willing to take risks"—but believes that they can do it without losing any of their "wonderfully unique 'female' skills."



An appreciation for the traditional female attributes in the office is just about the only thing that DiSesa's book has in common with *The Girl's Guide to Kicking Your Career into Gear*, by Caitlin Friedman and Kimberly Yorio (Broadway). With its comparatively prim language and earnest encouragements, *The Girl's Guide* is like chick-lit for M.B.A.s: "You've figured out where you are. And realized that you're not satisfied. Of course, you're not. Ambitious girls never are." This book is pitched to a younger audience than DiSesa's, which speaks to the more seasoned and frustrated businesswoman. *The Girl's Guide* is best for female neophytes, who will welcome its empowering patter: "Don't accept that you are the girl who never gets what she wants. Instead, become the girl who makes it happen for herself." Friedman and Yorio are generally less concerned with closing the gender gap (women earn 77¢ for every $1 earned by men) than with inspiring readers to transcend it. They praise a career coach who tells them, "By valuing our innate strengths of connection, nurturing, intuition, and empathy, we can reinvent what our impact and contribution is in our work."

Not as much softness in *Ask for It: How Women Can Use the Power of Negotiation to Get What They Really Want* (Bantam) by Linda Babcock and Sara Laschever. "We know that this is true—that women don't ask for what they want and need, and suffer severe consequences as a result." They are particularly tenacious about curing the common female failure to negotiate salaries, which they warn is "outrageously expensive for women." The book offers a four-phase program to toughen up women to negotiate on their own behalf. Babcock, an economics professor at Carnegie Mellon, bases her recommendations on years of research into women's negotiating habits. But at times the authors make assertive negotiation seem like a magic wand.

However important, assertiveness alone won't get anyone into the corner office. These guides are useful armor for the long slog to the top, but women, be advised: there are plenty of books by authors with last names like Gates and Iacocca filled with the secrets of male success. They're just not labeled that way. ■

Business Books. Why has Latin America's economic growth lagged that of Asia? Three new books provide an urgent critique of the region's failures.

Can this still be "the century of the Americas"?

BY TIM PADGETT

ILLUSTRATION FOR TIME BY TERRY ALLEN

WHEN AUTHORS PONDER GLOBALIZATION in books like Thomas Friedman's *The World Is Flat*, they usually pay scant attention to Latin America beyond the North American Free Trade Agreement. Who can blame them? Compared with the record growth of and foreign investment pouring into the emerging markets of Asia and Eastern Europe, Latin America still looks globally noncompetitive.

But ignoring the world from the Rio Grande to Tierra del Fuego is ridiculous. The U.S. exports $225 billion worth of goods each year to Latin America—more than quadruple what it sells to China. The old journalists' joke that Americans will do anything for Latin America but read about it now sounds more foolish than funny.

Fortunately, three new books may help remedy that Latin America blind spot and remind us that the hemisphere too is flat. They all take a hard, engaging and overdue look at Latin America's maddening complacency and massive potential—and suggest how to transform it into "the century of the Americas," as George W. Bush declared.

The Argentine-born Andres Oppenheimer, a Miami *Herald* columnist and corecipient of the Pulitzer Prize, contrasts Latin America with tigers like Ireland and China in *Saving the Americas: The Dangerous Decline of Latin America and What the U.S. Must Do* (Random House; 300 pages). He tells the story of an Indiana businessman who, on a visit to the Great Wall, grouses that his Mexican clients don't "reinvest in their companies or improve the quality of their materials like the Chinese." Latin America's bane, Oppenheimer suggests, is "peripheral blindness"—measuring itself against its past instead of its contemporary competitors while neglecting critical investment factors like crime (Latin businesses spend more than twice as much on security as Asian firms) and education (Latin America prepares "too many psychologists, not enough engineers"). Washington, he writes, is fecklessly complicit: "The Bush Administration, absurdly, [has] closed its mind to any plan that would include a greater U.S. financial commitment to growth in Latin America. For Bush and his advisers, the sole solution to the region's problems [is] free trade." Oppenheimer does see hope in successful mixed capitalist-socialist models like Chile and Brazil.

OPTIMISM FOR THIS SO-CALLED THIRD-Way economics is amplified in Michael Reid's *Forgotten Continent: The Battle for Latin America's Soul* (Yale University Press; 400 pages). Reid, editor of the Americas section of the *Economist*, concedes that Latin America's chronic ills, especially its inequality between rich and poor, are among the world's worst. But his comparison of past and present yields a more sanguine picture: the region is "one of the world's most important testing laboratories for the viability of democratic capitalism as a global project." Reid insists that Latin America's democratic and capitalist reforms are the right path; he notes that Brazil's poverty rate dropped from 43% in 1993 to 30% in 2005. But he warns that Latin governments as well as that of the U.S. have been inexcusably lax about using those changes to build institutions—like reliable judiciaries, for example—in a way that spreads the new wealth: "Latin America has seen too many revolutions and not enough reform."

Jerry Haar, a business dean at Florida International University, and John Price, head of Latin American business intelligence at Kroll InfoAmericas, offer reform advice for the hemisphere in *Can Latin America Compete? Confronting the Challenges of Globalization* (Palgrave Macmillan; 336 pages).

Their most welcome suggestion is to make small- and medium-size business a priority, and they take Latin America to task for doing less than 3% of the world's R&D spending while Asia accounts for more than a third of it. If more of the region's leaders had taken counsel like this a decade ago, Hugo Chávez and the Latin left might not have such a large, impoverished crowd to play to today. Whether or not this is the century of the Americas, these books offer a guide to how Latin America can enter it. ■

Inbox

Apple Pie and the Pope

THANKS FOR THE LOVELY ARTICLE ON POPE Benedict XVI [April 14]. I appreciated your bringing out his appreciation for America, its unique and diverse faith history and his current efforts to balance science with morality as well as his efforts to balance faith with reason. I disagree, however, with the suggestion that Catholics have the prerogative to "legitimately balance church teaching against the demands of their conscience." There is a Vatican II that existed only in the imaginations of a generation into sex, love and rock 'n' roll. When one attends to the actual written documents of that Council, what one discovers is the same Catholic teachings as before. The bishops simply put the key focus and dynamics of the church on paper.

Sharon Reidy, BEDFORD, MASS.

YOUR REPORTERS BENT OVER BACKWARD to create some religious Americana that has a special place in the Pope's heart. We're plain talkers, not afraid to wade into deeply divisive theological and moral questions and yet always cognizant of our spiritual grounding harking back to this country's origins. The truth is that the previous Pope and the handpicked bishops that rule the dioceses have driven out any plain talkers. That was all done with the iron hand of Cardinal Joseph Ratzinger behind the scenes as prefect of the Congregation for the Doctrine of the Faith. He wants a church made up of Ave Maria University zealots—the chosen few who will preserve Catholicism as the Pope envisions it in all its medieval splendor. To think that the church has gone from John XXIII to this Pope in just over 40 years.

William Tunney, GRANTSVILLE, MD.

AS A CRADLE CATHOLIC, I HAVE WAITED 72 years for an American Pope. I do not consider a person born in Germany to be "The American Pope." America is a democracy in which we elect our leaders. Catholics do not elect the priests who will become bishops or bishops who become Cardinals or Cardinals who become Popes. Even if I live as long as my mother, who was over 100 years old when she died, I doubt the Catholic Church, in spite of the priest shortage, will ever have women as priests or as Pope.

Nancy Cox, MAPLETON DEPOT, PA.

IT IS BLINDNESS TO THE NEEDS OF THE members of the church that this Pope will not put into place the changes needed to make the church available to all who seek it—namely, married priests and women priests. I have left the church because of the priest abuse scandals and the lack of outrage by previous Popes over this moral hide-and-seek game that the church has played for many years. The Pope's statement on this scandal will be too little too late.

Carol M. Fleming, SUTTONS BAY, MICH.

'The Pope, like the U.N., knows where the money is. Being the "American Pope" for a while will do wonders for the Vatican's income.'
Frank Frable, AURORA, IND.

ALESSANDRA BENEDETTI—CORBIS

How American? *Though he has long had a fascination with the U.S., the Pope has frustrated some American Catholics with his traditional positions*

THE NATURE OF THE CHURCH

LETTER FROM A PASTOR

The Rev. Mr. Ratzinger is welcome to be part of Christian conversation but not welcome to jeopardize the universal nature of the church [April 14]. His sectarian pronouncement relegating hundreds of millions of Christians to lesser or no standing in Christ's church is vanity. His continuing support of tired notions like an all-male clergy, no "artificial" birth control and his community's ownership of the Holy Communion identifies him as one more religious zealot whose myopia compromises the body of Christ. The church suffers because of him. Out of that suffering may come a renewal of open hearts and minds. Let us pray.

Richard L. Christensen, Faith Lutheran Church, BELLINGHAM, WASH.

Patriot Games

PERSONALLY, I AM NOT INTERESTED IN candidates who declare "my country, right or wrong" [April 14]. When the day comes that my nation truly lives up to the ideals on which it was founded—instead of trumping them with greed, intolerance and imperial designs—then I too will affix an American-flag pin to my lapel. Until then, I will quietly demonstrate my love for my country by working for change and supporting political candidates who share my ideals.

Alan Meerow, DAVIE, FLA.

I'M SORRY TO SEE THAT JOE KLEIN HAS joined those who have misquoted Michelle Obama. In the film clip I saw of her making the statement in question, she did not say, as so many have suggested, "For the first time in my life, I am proud of my country." Rather, she said, "For the first time in my life, I am really proud of my country." The word *really* makes a huge difference and renders her statement perfectly defensible. It makes clear that she has been proud of her country all along, but now that a black man (who just happens to be her husband) has a serious chance to be President, she is *really* proud. I share her pride on this account.

Martin D. Carcieri, SAN FRANCISCO

The Gender Gap

I WAS INTRIGUED TO SEE NANCY GIBBS' article on affirmative action for boys, "College Confidential," but a bit disappointed that Ms. Gibbs avoided the greater question about what is happening to boys [April 14]. Rather than question what might be behind the slide in boys' achievement—and what the long-term effect might be if boys continue to fall behind—the article instead turns to ponder what this all means for girls. It is a sad commentary when even an article about boys' academic troubles seems uninterested in the roots of the problem.

Malia Blom, Director, Boys and Schools
WASHINGTON

I AM A HIPPIE GRANDPARENT WHOSE children are pushing their girls to achieve and who still just expect the boys to do well. Does this mean I'm a misogynist or a feminist?

Greg Jensen, EULESS, TEXAS

The Price of Luxury

ARE YOU PEOPLE FOR REAL? UNEMPLOYment is high, gas prices are astronomical, and food prices are climbing, and what do you offer as an article but a report on \$40 bottled water and \$145 a bottle vinegar [April 14]. Honestly! Going out for us is lunch at a chain restaurant using coupons, and that doesn't happen often. We buy our clothes at Goodwill and discount stores. That \$120 spent on a single beer could have provided a family of four with food for a week. Why not do something that will make you feel a whole lot better: donate the money to your local food bank or battered women's shelter. That trumps the exquisite taste of the Best Butter on Earth any day.

Cheryl Norwood, CANTON, GA.

More on Biofuels

"THE CLEAN ENERGY MYTH" MISSES THE mark [April 7]. The one-sided and scientifically uninformed piece ignores the large potential of second- and third-generation biofuels to reduce greenhouse gases and the ability of modern agriculture to responsibly manage land use. The *Science* magazine article (by Searchinger et al) on which TIME relies has been thoroughly rebutted by leading scientists at the Department of Energy's Argonne National Laboratory. TIME owes its readers the totality of facts to avoid misinformation. For many decades, the U.S. has worked with farmers and the scientific community to increase crop yields, reduce the intensity of pesticide and fertilizer use, improve water productivity and promote conservation tillage that reduces erosion and sequesters carbon. Substantial progress continues in all these areas and was not sufficiently addressed. Last year alone our agencies invested more than \$1 billion in research, development and demonstration of next-generation-biofuels production from nonfood feedstocks, which remains the core U.S. strategy. Our government is committed to advancing technological solutions to promote and increase the use of clean, secure, abundant, affordable and domestic alternative solutions.

Ed Schafer, U.S. Department of Agriculture Secretary, and Samuel W. Bodman, U.S. Department of Energy Secretary
WASHINGTON

IT IS WRONG TO ATTRIBUTE A SIGNIFIcant part of the increase in Amazon deforestation to biofuels, as Mr. Grunwald does. First, suggestions that Brazil is a major culprit in global warming are not supported by scientific facts or reliable statistics. Second, the growth rate of Brazilian emissions has been on the decline primarily because of decreasing rates of Amazon rain-forest deforestation, which is the main source of carbon emissions in Brazil, and increasing use of ethanol fuel. Furthermore, from 1970 to 2005 the use of ethanol in our energy mix has averted the emission of 644 million tons of CO_2, the equivalent of Canada's annual emissions. When compared with the unsustainable energy patterns used in major developed countries, the Brazilian experience can be considered a model. Contrary to what the article claims, ethanol has been a central part of the solution.

Antonio de Aguiar Patriota
Ambassador of Brazil to the U.S.
WASHINGTON

SETTNG THE RECORD STRAIGHT

■ A review of Martin Scorsese's documentary *Shine a Light* in the April 14 issue refers to Janis Joplin's performance in Michael Wadleigh's 1970 film *Woodstock*. Joplin did not appear in that documentary.

■ Our April 14 toast to TIME's 85th birthday misspelled the first name of a TIME co-founder. He is Briton Hadden.

'Joe Klein's litmus test for Obama's patriotism is disturbing. Love your country, yes. But to have to say, "This is the greatest country on earth"? Oh, puh-leeze.'

Mary Masters, SARREGUEMINES, FRANCE

Pledge of Allegiance *Voters question whether Barack Obama should be pressed to prove his patriotism*

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Browse the Photos...

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- AH, *LA DOLCE VITA!*
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Submit Your Questions!

Give us your questions, and we'll ask. Next up: Maria Shriver, above left. Coming soon: Toni Morrison, above right. Go to **time.com/10questions**

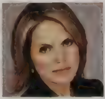
ES GRAYLOCK/RETNA CENTER BOTTOM, FROM LEFT CARLO ALLEGRI—GETTY MICHAEL WONG—CORBIS OUTLINE; REBECCA COOK--REUTERS/CORBIS SHRIVER CHARLEY GALLAY—GETTY MORRISON SCOTT WINTROW—GETTY

The TIME 100. To help select the world's most influential people, previous honorees offer their nominations when asked, **Who should be on this year's list?**

Nancy Pelosi
The first woman to serve as Speaker of the House of Representatives and a member of Congress since 1987

His Holiness the **Dalai Lama** describes himself as a "simple monk," but he represents so much more to so many. He is a source of spiritual refuge, and has used his position to promote wisdom, compassion and nonviolence as a solution to world conflicts.

Katie Couric
First solo female anchor of the weekday evening news on CBS and a former co-host of NBC's Today *show for 15 years*



What would you tell the world if you had one last chance to share what you've learned? The final lecture of Professor **Randy Pausch,** diagnosed with pancreatic cancer, has immortality on the Internet and provides an object lesson on how to live and how to die.

Bill Gates
Chairman of Microsoft; co-founder, with his wife, of a self-titled foundation that promotes global health and education

The information revolution has almost as much to do with business innovation as it does with technological breakthroughs. No one has played a bigger role in transforming the business side of the computer industry than **Steve Ballmer.**

Wesley Autrey
A savior, known as the subway hero, who jumped in front of a train to save a man who had fallen onto the tracks

I nominate **Barack Obama.** His challenge to mankind is the tool for a great America—a great message that calls for all to rise and move forward with one another. America is in dying need of a change. I am confident Obama is fit for the challenge.

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Briefing

THE MOMENT

BROOKS KRAFT—CORBIS FOR TIME

Pope and Circumstance. A conflicted country rolls out the red carpet for Benedict XVI

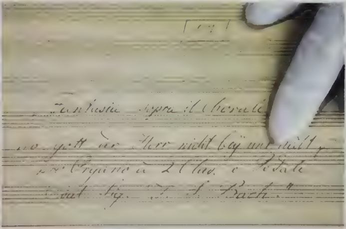
BEING POPE HAS ITS PRIVILEGES: the first foreign visitor to be greeted on the tarmac by President Bush; 12,000 well wishers on the White House South Lawn, more than for the Queen of England; 21 guns, fife and drums, and a cake for his 81st birthday. The anticipation of Pope Benedict XVI's visit was so great, the response was so warm, it was as though his hosts were trying to raise him up, a Pontiff in many ways still in the shadow of his predecessor, John Paul Superstar. And no one seemed more eager to cast him in the brightest light than his unlikely political partner, George W. Bush.

The President was visibly excited on the ride out to the airport and obviously engaged during the immense welcome ceremony the next day. The contrast between the swaggering born-again Texan and the cerebral Catholic scholar seems stark. Indeed, there is plenty to separate them, particularly their views of the Iraq war. But there is also much to unite them, especially at this moment in both their careers. They share a taste for straight talk and simple truths as weapons against doubt and denial: on stem-cell research, abortion and religious violence, they are brothers in arms. "We need your message to reject the dictatorship of relativism," Bush said in his welcome, "and embrace a culture of justice and truth."

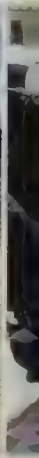
The President, whose pursuit of Catholic and Hispanic voters in his two campaigns once helped reshape his party, could be grateful for his guest's sensitive political instincts. In his greeting, the Pontiff did not mention the war, though he did call for "patient efforts of international diplomacy to resolve conflicts." The Pope will need to draw on all of that sensitivity. His visit came as many American Catholics remain livid over the church's recent pedophilia scandals. Benedict agreed in remarks to U.S. bishops that the issue had been "sometimes very badly handled"—the first real admission of the church's culpability—but still found enough blame to lay on America's "wider context of sexual mores" as well. The Pope's political reflexes will be tested again and again as he seeks to shepherd a flock that does not always share the certainties of its leaders, sacred and secular alike. —BY NANCY GIBBS ■

No one seemed more eager to cast the Pope in the brightest light than Bush

KATHMANDU, NEPAL
Poll results give former Maoist rebels a significant lead in landmark elections



HALLE, GERMANY
Lost organ composition by Johann Sebastian Bach is discovered



BAQ
Exp

Dashboard

WASHINGTON MEMO WHEN HOUSE Democrats stalled **George W. Bush's** free-trade deal with Colombia, the move added to the list of moribund diplomatic initiatives that the Administration had hoped would revive his presidency in its fading months. Talks on Israeli-Palestinian peace, North Korean nuclear weapons and missile-defense cooperation with Russia are all in trouble, threatening any chance for a White House signing ceremony that could soften a foreign policy legacy dominated by the war in Iraq.

Things weren't always so bleak. Last November, Bush brought Palestinians and Israelis together in pursuit of a paper-only deal with minimal on-the-ground concessions in the hope of creating political momentum for peace. A good idea, until resurgent attacks by the militant Palestinian group Hamas made a paper-only deal seem like just that. Now even White House spokeswoman Dana Perino admits, "We have a hell of a lot of work to do."

Odds-on favorites for diplomatic success are also in trouble. At talks in the Black Sea resort of Sochi this month, Russian President Vladimir Putin seemed open to a deal on missile defense, but the White House couldn't convince him that its proposed Europe-based system would not pose a threat to Russia. At home, Democrats emboldened by Bush's weak numbers and their own rising electoral prospects in November are loath to hand him a win, even on trade deals with allies like South Korea and Panama.

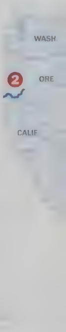
Worst of all, a nuclear deal with North Korea that had seemed within reach has foundered. Although leader Kim Jong Il has reportedly agreed to detail the extent of his arsenal by the end of April, hints of softer U.S. terms, according to Bush's former top North Korea expert, Michael Green, project to allies the "appearance of desperation" in pursuit of a signing ceremony. Which is definitely not the diplomatic legacy Bush had in mind. —BY MASSIMO CALABRESI

ENVIRONMENT

Waterway Woes

Logging, pollution and overdevelopment are threatening many U.S. tributaries and their ecosystems, according to a new report by the advocacy group American Rivers. Global warming is adding to the mess by increasing the number of both droughts and floods. The 10 most endangered:

1. CATAWBA-WATEREE
Outdated water-supply management
2. ROGUE
Logging and road construction
3. CACHE LA POUDRE
Water diversion and reservoir project
4. ST. LAWRENCE
Outdated dam-management plan
5. MINNESOTA
Proposed coal-fired power plant
6. ST. JOHNS
Unsustainable water appropriations
7. GILA
Water-development project
8. ALLAGASH WILDERNESS
Loss of wild-and-scenic-river protections
9. PEARL
Irresponsible floodplain development
10. NIOBRARA
Unsustainable irrigation diversions



MORTGAGE CRISIS

Lending a Hand

U.S. lawmakers disagree on how to aid businesses and homeowners affected by the housing crunch. The three sides:

The Senate

On April 10, the Senate passed the Foreclosure Prevention Act, which would give **$6 billion in tax breaks to home builders—and to airlines and other struggling businesses.** The bill would also increase the maximum mortgage limit that the Federal Housing Administration (FHA) can insure, to $550,000.

The House

The Senate's bill does not cover enough ground, say Democrats, who want more reforms for homeowners. Their version could provide **up to $300 billion in federal guarantees to help refinance mortgages, as well as a $7,500 interest-free loan** to first-time home buyers.

TOP, FROM LEFT: BRIAN SOKOL—GETTY; JENS SCHLUETER—AFP/GETTY; ADEM HADEI—AP; JACQUELYN MARTIN—AP; FRANCES ROBERTS—AP; MEMO: SAUL LOEB—AFP/GETTY; TIMELINE, FROM TOP: ORIGLIA FRANCO—CORBIS; AP; ALESSANDRA

UBAH, IRAQ
losions in two cities kill dozens

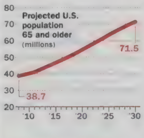
WASHINGTON
Live from the capital: journalism Newseum opens

NEW YORK CITY
Yanks nix Red Sox hex

White House
The Bush Administration opposes the Senate's bill, saying it contains extraneous provisions and should not give handouts to lenders. Instead, the Administration wants to **provide tax breaks to Americans who "play by the rules,"** modernize the FHA and improve oversight of lenders Freddie Mac and Fannie Mae.

HEALTH

Boomers, 65, in Search of Medical Care



America's health-care system won't be able to adequately support the 78 million baby boomers, who will start turning 65 in 2011, according to a new National Academy of Sciences report. The influx of people entering the system will exceed the number of providers who can care for them: there are only 7,100 physicians certified in geriatrics in the U.S., for example—only 1 for every 2,500 older Americans.

LOOKING FOR SOLUTIONS **Suggested remedies include mandating a minimum level of competence in geriatric medicine for health-care providers and training family members to care for their aging kin.**

TIMELINE

Third Time's the Charm

Dissatisfied with Italy's economic woes, voters on April 14 elected billionaire Silvio Berlusconi, Italy's richest man, to lead them once again. Here's a quick look back at the ups and downs of one of the world's most colorful—and persistent—personalities:

MAY 1994

Berlusconi becomes Prime Minister for the first time, with the help of some far-right allies. He resigns after a mere seven months when the coalition that swept him into power dissolves.

APRIL 1996
The conservative sports and media mogul—he controls Italy's most successful soccer club and some of its largest television stations—runs for re-election. He loses.

MAY 2001
Berlusconi whips his allies into shape and wins a second term as Prime Minister.

DECEMBER 2004

About a year after undergoing cosmetic surgery, the 68-year-old admits to hair transplants when pictures surface of him wearing a bandanna to welcome British Prime Minister Tony Blair to Sardinia.

APRIL 2006
He loses re-election after leading Italy's longest-serving postwar government.

APRIL 2008

Berlusconi wins his third term as Prime Minister. He vows to rescue the stalled Italian economy, resolve a garbage crisis and assist the faltering national airline, Alitalia.

BENEDETTI—CORBIS

The Page
BY MARK HALPERIN

Bitter-Sweet In '08

Mark Halperin reports from the campaign every day on **thepage.time.com**

McCain's Nerve Center

Rick Davis has worked on Republican presidential campaigns for almost 30 years. After running John McCain's 2000 long-shot bid, he returned as campaign manager last summer to help engineer the candidate's comeback by, among other things, making major cuts in spending. With no fancy office (or even a cubicle) at McCain's Arlington, Va., headquarters, Davis, 50, directs an operation of about 100 employees, including many twentysomething staffers brand-new to presidential politics. Here's a tour of his work space.

1
ST. JUDE STATUE
This gift from a supporter arrived just before McCain's political resurrection last August. The patron saint of desperate causes perches permanently at the edge of Davis' desk, in the exact spot it occupied when McCain started to surge.

2
THREE-HOLE PUNCH
An old-fashioned guy in the information age, Davis is a fan of real binders filled with real paper, and he often does his own collating. "My world revolves around punching holes," he says.

3
DAILY SCHEDULE
The candidate's itinerary sits side by side with Davis' own. (On this day, McCain's first event: "8:30 a.m. Haircut with Mario, Senate.")

4
BLACKBERRYS
Davis has two: one from the campaign and one personal device with the telephone number he has had for "10 years that everybody else seems to know."

5
COMPUTERS
Again, two: an official campaign desktop and a Sony Vaio notebook (complete with a James Bond theme) that he takes on the road. At work, he uses one mostly for e-mail and one for the Internet.

6
AARP CALCULATOR
Davis uses this promotional item from the senior citizens' group because, given "my advanced age, my staff seemed to think that I required a little extra assistance when dealing with numbers."

VIDEO TOUR Watch McCain campaign manager Rick Davis give a tour of his desk at thepage.time.com/rickdavisdesktour

With reporting by Randy James and Katie Rooney

IMPORTANT SAFETY INFORMATION:

LUNESTA helps you fall asleep quickly, so take it right before bed. Be sure you have at least eight hours to devote to sleep before becoming active. Until you know how you'll react to LUNESTA, you should not drive or operate machinery. Do not take LUNESTA with alcohol. Call your doctor right away if after taking LUNESTA you walk, drive, eat or engage in other activities while asleep. In rare cases severe allergic reactions can occur. Most sleep medicines carry some risk of dependency. Side effects may include unpleasant taste, headache, drowsiness and dizziness. You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088. See important patient information on the next page.

Lunesta

eszopiclone

1, 2 AND 3 MG TABLETS

Please read this summary of information about LUNESTA before you talk to your doctor or start using LUNESTA. It is not meant to take the place of your doctor's instructions. If you have any questions about LUNESTA tablets, be sure to ask your doctor or pharmacist.

LUNESTA is used to treat different types of sleep problems, such as difficulty in falling asleep, difficulty in maintaining sleep during the night, and waking up too early in the morning. Most people with insomnia have more than one of these problems. You should take LUNESTA immediately before going to bed because of the risk of falling.

LUNESTA belongs to a group of medicines known as "hypnotics" or, simply, sleep medicines. There are many different sleep medicines available to help people sleep better. Insomnia is often transient and intermittent. It usually requires treatment for only a short time, usually 7 to 10 days up to 2 weeks. If your insomnia does not improve after 7 to 10 days of treatment, see your doctor, because it may be a sign of an underlying condition. Some people have chronic sleep problems that may require more prolonged use of sleep medicine. However, you should not use these medicines for long periods without talking with your doctor about the risks and benefits of prolonged use.

Side Effects

All medicines have side effects. The most common side effects of sleep medicines are:

- Drowsiness
- Dizziness
- Lightheadedness
- Difficulty with coordination

Sleep medicines can make you sleepy during the day. How drowsy you feel depends upon how your body reacts to the medicine, which sleep medicine you are taking, and how large a dose your doctor has prescribed. Daytime drowsiness is best avoided by taking the lowest dose possible that will still help you sleep at night. Your doctor will work with you to find the dose of LUNESTA that is best for you. Some people taking LUNESTA have reported next-day sleepiness.

To manage these side effects while you are taking this medicine:

- When you first start taking LUNESTA or any other sleep medicine, until you know whether the medicine will still have some effect on you the next day, use extreme care while doing anything that requires complete alertness, such as driving a car, operating machinery, or piloting an aircraft.
- Do not drink alcohol when you are taking LUNESTA or any sleep medicine. Alcohol can increase the side effects of LUNESTA or any other sleep medicine.
- Do not take any other medicines without asking your doctor first. This includes medicines you can buy without a prescription. Some medicines can cause drowsiness and are best avoided while taking LUNESTA.
- Always take the exact dose of LUNESTA prescribed by your doctor. Never change your dose without talking to your doctor first.

Special Concerns

There are some special problems that may occur while taking sleep medicines.

Memory Problems

Sleep medicines may cause a special type of memory loss or "amnesia." When this occurs, a person may not remember what has happened for several hours after taking the medicine. This is usually not a problem since most people fall asleep after taking the medicine. Memory loss can be a problem, however, when sleep medicines are taken while traveling, such as during an airplane flight and the person wakes up before the effect of the medicine is gone. This has been called "traveler's amnesia." Memory problems have been reported rarely by patients taking LUNESTA in clinical studies. In most cases, memory problems can be avoided if you take LUNESTA only when you are able to get a full night of sleep before you need to be active again. Be sure to talk to your doctor if you think you are having memory problems.

Tolerance

When sleep medicines are used every night for more than a few weeks, they may lose their effectiveness in helping you sleep. This is known as "tolerance." Development of tolerance to LUNESTA was not observed in a clinical study of 6 months' duration. Insomnia is often transient and intermittent, and prolonged use of sleep medicines is generally not necessary. Some people, though, have chronic sleep problems that may require more prolonged use of sleep medicine. If your sleep problems continue, consult your doctor, who will determine whether other measures are needed to overcome your sleep problems.

Dependence

Sleep medicines can cause dependence in some people, especially when these medicines are used regularly for longer than a few weeks or at high doses. Dependence is the need to continue taking a medicine because stopping it is unpleasant.

When people develop dependence, stopping the medicine suddenly may cause unpleasant symptoms (see *Withdrawal* below). They may find they have to keep taking the medicine either at the prescribed dose or at increasing doses just to avoid withdrawal symptoms.

All people taking sleep medicines have some risk of becoming dependent on the medicine. However, people who have been dependent on alcohol or other drugs in the past may have a higher chance of becoming addicted to sleep medicines. This possibility must be considered before using these medicines for more than a few weeks. If you have been addicted to alcohol or drugs in the past, it is important to tell your doctor before starting LUNESTA or any sleep medicine.

Withdrawal

Withdrawal symptoms may occur when sleep medicines are stopped suddenly after being used daily for a long time. In some cases, these symptoms can occur even if the medicine has been used for only a week or two. In mild cases, withdrawal symptoms may include unpleasant feelings. In more severe cases, abdominal and muscle cramps, vomiting, sweating, shakiness, and, rarely, seizures may occur. These more severe withdrawal symptoms are very uncommon. Although withdrawal symptoms have not been observed in the relatively limited controlled trials experience with LUNESTA, there is, nevertheless, the risk of such events in association with the use of any sleep medicine.

Another problem that may occur when sleep medicines are stopped is known as "rebound insomnia." This means that a person may have more trouble sleeping the first few nights after the medicine is stopped than before starting the medicine. If you should experience rebound insomnia, do not get discouraged. This problem usually goes away on its own after 1 or 2 nights.

If you have been taking LUNESTA or any other sleep medicine for more than 1 or 2 weeks, do not stop taking it on your own. Always follow your doctor's directions.

Changes In Behavior And Thinking

Some people using sleep medicines have experienced unusual changes in their thinking and/or behavior. These effects are not common. However, they have included:

- More outgoing or aggressive behavior than normal
- Confusion
- Strange behavior
- Agitation
- Hallucinations
- Worsening of depression
- Suicidal thoughts

How often these effects occur depends on several factors, such as a person's general health, the use of other medicines, and which sleep medicine is being used. Clinical experience with LUNESTA suggests that it is rarely associated with these behavior changes.

It is also important to realize it is rarely clear whether these behavior changes are caused by the medicine, are caused by an illness, or have occurred on their own. In fact, sleep problems that do not improve may be due to illnesses that were present before the medicine was used. If you or your family notice any changes in your behavior, or if you have any unusual or disturbing thoughts, call your doctor immediately.

Pregnancy And Breastfeeding

Sleep medicines may cause sedation or other potential effects in the unborn baby when used during the last weeks of pregnancy. Be sure to tell your doctor if you are pregnant, if you are planning to become pregnant, or if you become pregnant while taking LUNESTA.

In addition, a very small amount of LUNESTA may be present in breast milk after use of the medication. The effects of very small amounts of LUNESTA on an infant are not known; therefore, as with all other prescription sleep medicines, it is recommended that you not take LUNESTA if you are breast-feeding a baby.

Safe Use Of Sleep Medicines

To ensure the safe and effective use of LUNESTA or any other sleep medicine, you should observe the following cautions:

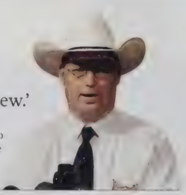
1. LUNESTA is a prescription medicine and should be used ONLY as directed by your doctor. Follow your doctor's instructions about how to take, when to take, and how long to take LUNESTA
2. Never use LUNESTA or any other sleep medicine for longer than directed by your doctor.
3. If you notice any unusual and/or disturbing thoughts or behavior during treatment with LUNESTA or any other sleep medicine, contact your doctor.
4. Tell your doctor about any medicines you may be taking, including medicines you may buy without a prescription and herbal preparations. You should also tell your doctor if you drink alcohol. DO NOT use alcohol while taking LUNESTA or any other sleep medicine.
5. Do not take LUNESTA unless you are able to get 8 or more hours of sleep before you must be active again.
6. Do not increase the prescribed dose of LUNESTA or any other sleep medicine unless instructed by your doctor.
7. When you first start taking LUNESTA or any other sleep medicine, until you know whether the medicine will still have some effect on you the next day, use extreme care while doing anything that requires complete alertness, such as driving a car, operating machinery, or piloting an aircraft.
8. Be aware that you may have more sleeping problems the first night or two after stopping any sleep medicine.
9. Be sure to tell your doctor if you are pregnant, if you are planning to become pregnant, if you become pregnant, or if you are breastfeeding a baby while taking LUNESTA.
10. As with all prescription medicines, never share LUNESTA or any other sleep medicine with anyone else. Always store LUNESTA or any other sleep medicine in the original container and out of reach of children.
11. Be sure to tell your doctor if you suffer from depression.
12. LUNESTA works very quickly. You should only take LUNESTA immediately before going to bed.
13. For LUNESTA to work best, you should not take it with or immediately after a high-fat, heavy meal.
14. Some people, such as older adults (i.e., ages 65 and over) and people with liver disease, should start with the lower dose (1 mg) of LUNESTA. Your doctor may choose to start therapy at 2 mg. In general, adults under age 65 should be treated with 2 or 3 mg.
15. Each tablet is a single dose; do not crush or break the tablet.

Note: This summary provides important information about LUNESTA. If you would like more information, ask your doctor or pharmacist to let you read the Prescribing Information and then discuss it with him or her.

Rx only

SEPRACOR

Verbatim



'There was no evidence of illegal activity nor an offense in plain view.'

SHERIFF DAVID DORAN, of Schleicher County, Texas, on why authorities waited until April 3 to investigate a polygamist sect's compound in the desert outside Eldorado

'For the first time, I realized he is an élitist.'

MAYHILL FOWLER, blogger for OffTheBus.net, who first reported on Barack Obama's comment at a San Francisco fund raiser that economic frustrations have made small-town Pennsylvania voters "bitter" and driven them to "cling to guns or religion"

'This is the endgame of the endgame. Checkmate already happened on the 29th of March.'

TENDAI BITI, secretary-general of Zimbabwe's main opposition party, saying it would not take part in a runoff election because its presidential candidate, Morgan Tsvangirai, beat President Robert Mugabe outright in the March contest

'Some of them were sympathetic with these lawbreakers, some refused to battle for political or national or sectarian or religious reasons.'

MAJOR GENERAL ABDUL-KARIM KHALAF, an Iraqi Interior Ministry spokesman, on the 1,300 Iraqi soldiers and policemen who were dismissed for either deserting or refusing to fight during last month's Shi'ite-on-Shi'ite battles in Basra

'This book constitutes the wholesale theft of 17 years of my hard work.'

J.K. ROWLING, author of the *Harry Potter* series, testifying against the planned publication of rival *Potter* encyclopedia

'While many are worrying about filling their gas tanks, many others around the world are struggling to fill their stomachs.'

ROBERT ZOELLICK, World Bank president, after President George W. Bush ordered the release of $200 million in emergency aid to help ease soaring food prices

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Sources: AP (2); New York *Times* (1); CNN

NUMBERS

RAPE

742

Number of sexual-assault cases the U.S. Department of Defense has investigated in Iraq and Afghanistan, of which 26 involve attacks on American civilians or contractors

0

Number of civilian cases that have so far been tried in court, according to testimony in recent Defense Department hearings

OIL RESERVES

4.3 billion

Estimated number of barrels of oil in North Dakota and Montana that could be retrieved using current technology, according to a new study by the U.S. Geological Survey. The amount is 25 times as big as the USGS's original estimate, in 1995

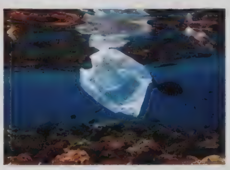
7.6 billion

Barrels of oil the U.S. uses each year

POLLUTION

46,000

Estimated number of floating plastic pieces per square mile (2.6 sq km) of ocean, according to a 2006 U.N. study



113 billion

Pounds of plastic produced in the U.S. in 2006 (51 billion kg)

CORRUPTION

18 years

Prison sentence handed down to former Shanghai Communist Party boss Chen Liangyu for corruption charges involving $4.8 billion in stolen cash

22

Number of members of the National People's Congress, China's legislative body, who have been ousted in the past five years on corruption charges

Sources: AP (2); New York *Times* (2); Bloomberg (2); *Wall Street Journal* (1)

People

Q & A

Talking with Casey Wilson

Saturday Night Live's newest cast member also co-wrote the upcoming comedy *Bride Wars*, about two best friends getting married on the same day.

How did you land your *SNL* gig? I held off on trying out for a long time for fear I wouldn't get it. I came out to audition on the [*SNL*] stage, and it was nerve-racking and wild, a little out-of-body. It was like a one-woman, five-minute, semi-entertaining variety show.

When did you realize you had a gift for comedy? When I went to meet with [*SNL* producer] Lorne Michaels, my dad had gone through my diaries from when I was 8, 9 and 10 and found passages where I wrote, "I just want to be on *SNL*." I realized I've been dreaming about it forever.

How did you get involved with *Bride Wars*? My writing partner and I had been working on it for three years. We went to the set the first day, and we just started crying. Seeing Kate Hudson and Anne Hathaway reading the lines we wrote was beyond surreal.

Your mother was the chair of the National Women's Political Caucus. Are you political? My mom worked tirelessly on getting equal rights for women. Instead of going into politics, I decided to go into comedy, which is the second most daunting career path for a woman.

Kanye gets real

KANYE WEST is speaking out via his blog about how his mother's untimely death changed his outlook on life. "While people chase money, I pursue happiness," wrote the rapper, who also said he was finally able to record a verse for the first time in six months.

Calling the fashion police

GEORGE CLOONEY wannabes who pine for a clothing label by the Hollywood hunk won't get their wish anytime soon. Two people in Milan are being investigated for allegedly attempting to launch a clothing line dubbed GC Exclusive by George Clooney, which the actor has called a "hoax."

CELEBRITY ROUNDUP

Arrested. Rapper VANILLA ICE, on a charge of simple battery, after an alleged argument with his wife. He has since been released from jail

Engaged. Singer ASHLEE SIMPSON, to Fall Out Boy bassist PETE WENTZ

Surpassed. CONAN O'BRIEN, for the first time in late-night-TV ratings, by *Late Late Show* host CRAIG FERGUSON

Born. Ignatius Martin Upton, to CATE BLANCHETT and her husband, playwright and screenwriter Andrew Upton

Scheduled to appear. MADONNA, in a Malawi court, to finalize the adoption of her son David Banda

More medical mischief

News that Britney Spears' medical records had been inappropriately accessed by hospital workers made headlines earlier this year. But now a Los Angeles *Times* investigation reveals that staffers at the UCLA Medical Center also allegedly snooped into the files of TOM CRUISE, MARIAH CAREY and the late GEORGE HARRISON.

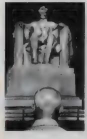
Milestones


Wheeler

DIED OVER A PERIPATETIC 40-year career, he appeared in more than 100 TV shows, with small parts in hits such as *Beverly Hills, 90210*; *L.A. Law*; and HBO's *Six Feet Under*. But **Stanley Kamel** will probably be remembered best for his regular role as devoted but put-upon psychiatrist to Tony Shalhoub's obsessive-compulsive detective in *Monk*, in its seventh season this summer. "I have what every actor dreams of: a hook," he told *TV Guide* last year. "I'm the psychiatrist on *Monk*. Everyone knows who that is." He suffered a heart attack at age 65.

■ A CRIMINAL INVESTIGATOR before he became a journalist in 1955, **Robert Greene** was relentless about uncovering corruption. As a reporter and an editor for *Newsday*, based on Long Island, N.Y., he was a formidable opponent of crooked businessmen and politicians and ultimately earned two Pulitzer prizes for his reporting on property scandals and heroin-trafficking. He later taught journalism and established a nonprofit group, Investigative Reporters and Editors, but it is his fieldwork that will continue to set the bar for tenacious and effective reporting. "He was not only respected," a former Suffolk County police commissioner told *Newsday*, "he was feared." He was 78.

■ KNOWN AS Mama B to her friends and family, **Cedella Booker,** the mother of legendary reggae musician Bob Marley, was an accomplished artist. In addition to penning two biographies of her world-famous son, the Jamaican native recorded albums, including *Awake Zion* and *Smilin' Island of Song*. Married to Bob's father Norval Marley for nearly 30 years, until his death in 1955, she later remarried and moved to the U.S. Like her son, who died in 1981, she passed away in Miami. She was 81.



■ ONE OF THE first Americans to be accepted by the international Magnum photo agency, photographer **Burt Glinn** captured several defining moments of the cold war, including Fidel Castro's triumphant march across Cuba and seldom-seen images of daily life in the Soviet Union. Glinn turned his lens on seemingly unlikely subjects, transforming subtleties into iconic moments, as in his 1959 photograph of former Soviet leader Nikita Khrushchev before the Lincoln Memorial. Glinn attributed that shot—his best-known work—to chance. "I was late, and I couldn't get to where everybody else was," he explained. "The most important thing that a photographer like me can have is luck." He was 82.

■ AGE 53 WHEN HE TOOK office in 1976, **Patrick Hillery** was the youngest President in Irish history—and possibly Ireland's most unifying. A former physician, Hillery headed four government ministries—from Education to Foreign Affairs—before his 14-year tenure as President. Though he initially didn't seek re-election when his first term ended in 1983, voters from multiple parties clamored for him to continue. The educational reforms of the 1960s and his work with what would later become the European Union are Hillery's enduring political legacy, but it was his ability to rise above political mudslinging that most endeared him to voters. He was 84.

■ AN EXPERT IN NUCLEAR fission who taught at Princeton and the University of Texas and authored five books, physicist **John Wheeler**—who coined the term *black hole*—was involved in many of the major scientific breakthroughs of the 20th century. As a member of the Manhattan Project, he collaborated with Albert Einstein and others to create the atom bomb. Unlike some colleagues who agonized over the weapon's awful power, he regretted only that it hadn't been used sooner. He often recalled a letter from his brother, who was later killed in World War II, that read simply, "Hurry up." Wheeler was 96.

■ IT WAS A ROMANCE FOR THE ages: an heiress to the Carnegie fortune and daughter of a yachtsman, socialite Polly Lauder fell in love with boxer Gene Tunney, a heavyweight champion with a taste for classical literature. After a secret courtship, they made national headlines on their engagement in 1928. The couple was married for 50 years, until Gene's death in 1978. **Polly Lauder Tunney** was 100.


Hillery

By Harriet Barovick, Gilbert Cruz, Elizabeth Salemme, Tiffany Sharples and M.J. Stephey

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Joe

Klein

Above the Fray. McCain wants the election to be about real issues. That's a gift to the Democrats—and the country

IN THE DAYS AFTER BARACK OBAMA'S remarks about the bitter religion clingers of Middle America were made known, a near mob of conservative intellectuals sought to place his "élitism" in proper historical context. George Will located Obama securely in Adlai Stevenson's wine cellar, representing the effete strand of liberalism that corrupted F.D.R.'s party of the working people. William Kristol went straight for the main chance, positing Obama as a direct descendant of—yes—Karl Marx, who famously proclaimed religion to be the "opiate" of the masses. As the Marx meme fluttered across Fox News, you could almost hear the vast sigh of relief: Obama's gaffe had put Republican propagandists back in their comfort zone. Rather than fight a defensive election over the Bush debacles—the misplayed wars in Iraq and Afghanistan, the mortgage-market collapse and recession, the looming environmental crises—they could go on the offensive with their favorite wedge issues: God and guns. Steve Schmidt, a spokesman for John McCain, said Obama would be attacked for his gaffe for "the duration of his candidacy."

McCain himself didn't seem so sure about that. He did say that he believed Obama had "disparaged" small-town America, that he didn't think a love of God or weaponry had anything to do with economic despair. But when asked directly by Chris Matthews if élitism would be an issue in the general election, McCain said no. This may well be strategy: the candidate takes the high road while Schmidt lands the body blows. But McCain has laid down some pretty clear markers that he sees this election in much the same way that Obama (and Hillary Clinton) does. He wants to have a substantive debate about the war, he believes that climate change is a major issue, and he has begun to acknowledge the economic pain visited upon manufacturing workers in places like Michigan and Ohio. If he persists in seeing the election this way and running on his convictions, he will be doing the Democrats—and the nation—a great favor.

McCain sees the tawdry ceremonies of politics—the spin and hucksterism—as unworthy. He's not one to put on silly hats; his shtick is substance

I suspect that he will. It's McCain's way. He sees the tawdry ceremonies of politics—the spin and hucksterism—as unworthy. He's not one to put on silly hats; his physical disabilities limit his capacity to engage in bowling photo ops. His shtick is substance, the endless access granted to reporters on his bus. The problem for McCain, and the opportunity for Democrats, is that his positions are either unpopular or sketchy. The problem for Democrats is that McCain has the potential to steal, or take the edge off, some of their favorite issues by offering more moderate-seeming, if sometimes totally inadequate, answers.

On global warming, for instance, he and Senator Joe Lieberman introduced a cap-and-trade system to limit carbon emissions 60% below 1990 levels by 2050. McCain's recent body language indicates he would not be nearly as comprehensive as the Democrats; he probably would not, for example, auction off the right to pollute for major corporate spewers—which could raise significant funds for alternative-energy research. But the old McCain-Lieberman plan had the look of a half-a-loaf compromise that could eventually get through Congress—and take the global-warming issue off the table in the election for voters who are unlikely to probe the intricacies of carbon auctions. (McCain may modify his carbon-emissions proposal when he delivers an environmental speech this spring.)

The real heat of the campaign will be on the issues—war and taxes—where there is a real difference between McCain and the Democrats. He will have an advantage in the war debate: both Democrats favor a rapid-withdrawal timetable for Iraq—one to two brigades per month—that is probably untenable. But McCain has a more significant disadvantage: most Americans are sick of the war and do not want to hear his wildly unrealistic bottom line—that the U.S. needs a long-term military presence in that perpetually brutal noncountry. On taxes, McCain is likely to find himself debating ... himself. He was against the Bush tax cuts before he was for them. He has now proposed a new and costly round of corporate tax breaks—and a summer gasoline-tax holiday that is just the sort of flummery he has traditionally opposed. McCain's insistence on cutting pork-barrel projects from the federal budget is worthy but not very significant—the narcissism of small deductions. He would be better served by announcing his intention to kill some of the more foolish Pentagon weapons systems, as he has in the past.

If McCain is as good as his word, we could have a great debate this fall. If he isn't as good as his word—and the temptations will be mighty to play the élitism card—McCain will have to live with the knowledge that in the most important business of his life, he chose expediency over honor. That's probably not the way he wants to be remembered. ■

ILLUSTRATION FOR TIME BY STEPHEN KRONINGER HEADSHOTS: CLINTON: FRANK POLICH—REUTERS; OBAMA: EMMANUEL DUNAND—AFP/GETTY; MCCAIN: OLIVIER DOULIERY—ABACA

THE BUSINESS OF HEALING OUR WORLD
THE GLOBAL IMPERATIVE TO DO GOOD

As the world moves closer to one global economy, so does the mandate for corporations to address societal concerns crossing international borders, like the environment, disease and famine.

Nearly 13% of total corporate giving in 2006 was to organizations serving international recipients, up from 9.6% in 2004, according to a survey by the Committee Encouraging Corporate Philanthropy.

Just a decade ago, international corporate volunteering, or ICV, essentially did not exist. Today, two out of every five major companies support employees' volunteer activities around the world.

"DEEP AND INTENSE SUBJECT"

"Corporate social responsibility is a very deep and intense subject – especially for global companies," says Carol Cone, a pioneer in "cause branding" and strategic philanthropy. "The Internet has made everything transparent. What companies stand for becomes more and more important. Corporations must differentiate, generate loyalty and gain approval of the communities they do business in."

Cone's 2007 survey on corporate philanthropy found a greater number of American consumers, employees and investors expect companies to have responsible practices regarding economics, the environment and health. As Cone notes, "doing good has become an expected business strategy."

"DO MORE," WORKERS SAY

Some 72% of Americans now want their employers to do more to support a cause or societal issue, a significant increase from the 52% who felt this way in 2004.

This new attitude is spurring bold ideas to encourage philanthropy. For instance, the nonprofit City Year enlists young people to do a year of full-time public service in the U.S. or South Africa. The Bill & Melinda Gates Foundation, the world's largest charitable organization, has funded new models for collaboration between governments, nonprofits and for-profits. As one example, the Foundation forged a series of incentive-based investment partnerships that provide support to developing nations for vaccinations and immunizations based on demonstrable results in their health care system.

"We're happy if a market develops to meet the needs of the poor. That's the most sustainable solution."

–Patty Stonesifer, CEO, Bill & Melinda Gates Foundation

Patty Stonesifer, CEO of the Gates Foundation, summarizes the organization's philosophy by paraphrasing an old saying: "If you want to go fast, go alone. If you want to go far, go together."

STRONGER SEEDS

The Foundation's latest grants have expanded to economic programs, including one in Africa that established a network of entrepreneurs who sell quality seeds that can withstand pests, disease and drought. "Don't talk about 'philanthropy,'" Stonesifer says. "Philanthropy is just one of a suite of tools. … We're happy if a market develops to meet the needs of the poor. That's the most sustainable solution."

Bottom-line talk like "sustainable solutions" denotes the new attitude toward corporate social responsibility: Now that addressing social issues has become a core business strategy, companies – and their employees and customers – demand the highest possible impact from those efforts. And in this age, that means a company must extend corporate social responsibility to every part of the world in which it does business.

2008 BENTLEY LEADERSHIP FORUM

The Business of Healing Our World: The Global Imperative to Serve the Public Good

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Patty Stonesifer
CEO, Bill & Melinda Gates Foundation

Anthony F. Buono
Professor of Management and Sociology, and Coordinator of the Bentley Alliance for Ethics and Social Responsibility

Michael Brown
Co-Founder and CEO of City Year

Carol Cone
Chairman, Cone Inc.

Ambassador Swanee Hunt
Founding Director of the Women and Public Policy Program, Harvard's Kennedy School of Government

Romesh Ratnesar
Deputy Managing Editor, TIME

Ambassador Charles R. Stith
Founding Director of the African Presidential Archives and Research Center, Boston University

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A Bitter Lesson

Barack Obama's ill-chosen words have caused a stir, but both candidates face challenges with working-class white voters. Why that could cost the Democrats the White House

BY KAREN TUMULTY

Working-class heroes *Clinton sips a shot of whiskey at Bronko's restaurant in Crown Point, Ind.; Obama goes for the cured meat at an Italian market in Philadelphia*

IT'S HARD TO KNOW WHICH WAS WORSE about Barack Obama's dismissal of small-town voters as narrow-minded, churchgoing gun nuts: the original arrogance of his remarks or his repeated attempts to explain them. If there was any consolation to a campaign facing its most serious test yet, it was that attempts by both Hillary Clinton and John McCain to make hay at his expense did not go over very well either—which just serves as one more reminder of the challenge politicians face when they talk to and about voters who have lost the most in the economic earthquakes of the past 25 years.

Maybe the cringe factor would have been less had Obama not been speaking in San Francisco, a regional headquarters for secular condescension, or at a private fund raiser, where the rich and powerful gather for shrimp and special access; or if Obama, a comfortably devout Christian, had not said that "bitter" small-town voters "cling" to their faith, along with their guns and their "antipathy to people who aren't like them." By any measure, it was a graceless move to characterize an entire demographic group—and vital voting bloc—as irrational and bigoted. And it came from a candidate who should know better than any the sting of being lumped into a stereotype and dismissed.

The details of Obama's San Francisco misadventure may eventually fade away, but the anxieties it unearthed among Democrats won't. Obama had walked right into the son-of-Dukakis story line that the Clinton campaign had been working so hard to plant in the nightmares of Democratic Convention superdelegates, who are likely to determine the outcome of a nominating fight that is turning out to be far longer—and potentially more damaging to the winner—than anyone had expected.

The controversy also tapped worries about whether Obama—with his liberal voting record, lack of experience and unconventional brand of politics—can weather a Republican onslaught in the fall. Obama's advisers concede that his insurgent campaign against Clinton was going so smoothly, it was a little hard to know how the candidate would handle

LEFT FROM TOP: CAROLYN KASTER—AP; DAMON WINTER—THE NEW YORK TIMES

Photograph for TIME by Callie Shell—Aurora

a crisis of his own making—as opposed to finding the right way to distance himself from the incendiary remarks of others. Obama's own words were potentially more damaging than the controversial comments of his minister Jeremiah Wright or even his wife Michelle's declaration in February that "for the first time in my adult lifetime I am really proud of my country."

The early round of polls taken after Obama made his comments showed virtually no movement in the Pennsylvania race: Obama continued to trail Clinton but remained within striking distance. And some of the working-class Democrats in that state said they understood what Obama was trying to say, even if the professional political class didn't. "I think them remarks is the absolute truth," said Bill Williams, 60, a bearded disabled veteran from Waynesburg who attended an Obama town-hall meeting near Pittsburgh. "We like our faith and our guns. I went to church when things were bad, and I went out and I hunted for my family food, where I didn't know whether to put the gun in my mouth or to shoot an animal. So, yeah, he was right on the money. And was I bitter, and am I bitter? Hell, yes, I am."

Economic anxiety *From inside the Labor Ready employment office in Reading, Pa., a man watches the arrival of Democratic hopeful Obama*

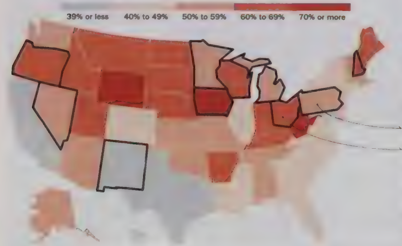
But the repercussions in the few remaining Democratic primary races are not really the issue. What raises the stakes is the crucial role that white working-class voters play in just about every conceivable Democratic scenario for winning in the fall. It is no accident that McCain is also exploiting Obama's comments to go after swing voters and rev up his own embittered base. Small-town Americans "are the people that have fundamental cultural, spiritual and other values that in my view have very little to do with their economic condition," McCain said in a speech at the Associated Press annual meeting in Washington. And in case that didn't hit the spot, McCain offered a side order of butter to those voters, whom he called "the foundation of our strength and the primary authors of its essential goodness."

So who really speaks for the working class? There are many ways to define this slice of the population, but the one that makes the most sense in political terms is to think of it broadly as those white

The Key to Victory for Both Parties

For decades, the Democratic Party has been slowly losing white working-class voters. In 2004, President Bush beat John Kerry by 34 electoral votes, clinching the key battleground in Ohio. Even a tiny shift among white working-class voters could have changed the outcome

WHERE THEY LIVE ...
Percentage of voters in each state defined as white working-class*



... AND WHY THEY'RE CRITICAL
These voters are more than half the electorate in 9 of the 10 states where the 2004 election was closest

STATE (ELECTORAL VOTES)	WHITE WORKING-CLASS VOTERS	STATEWIDE WINNER (MARGIN OF VICTORY)
Wisconsin (10)	64%	Kerry (0.4%)
Iowa (7)	70%	Bush (0.9%)
New Mexico (5)	34%	Bush (1.1%)
New Hampshire (4)	60%	Kerry (1.4%)
Pennsylvania (21)	56%	Kerry (2.3%)
Ohio (20)	60%	Bush (2.5%)
Nevada (5)	56%	Bush (2.6%)
Michigan (17)	59%	Kerry (3.4%)
Minnesota (10)	58%	Kerry (3.5%)
Oregon (7)	64%	Kerry (3.9%)

*Defined by education, a central determinant of a worker's economic life, to include all whites with less than a four-year college degree. Source: Ruy Teixeira, Brookings Institution

Americans who lack a college degree. Once the Democratic stalwarts whose sense of economic self-interest sustained Franklin Roosevelt's New Deal coalition, working-class whites were the patriotic, the churchgoers—and, yes, many of them were hunters—who began to drift from the Democratic Party in the turbulent 1960s and later became the margin of victory for Ronald Reagan. They have never fully returned to the Democratic fold and as a result have become less and less of a factor in its primary politics. Among those who remain with the Democrats, the core of this group tends to be older and female, the demographic most attuned to the 60-year-old Clinton. And of course, race is a factor too, though it is one that is impossible to measure. Governor Ed Rendell, Clinton's highest-profile supporter in Pennsylvania, suggested in February that some whites in his state "are probably not ready to vote for an African-American candidate."

Working-class whites are a shrinking segment of the overall U.S. population. In 1940 they accounted for 86% of adults 25 and older; by 2007, that percentage was only 48. But they tend to be concentrated in many of the states that have been most competitive in recent presidential elections and are likely to be again this fall: states like Michigan, Pennsylvania and Ohio.

In a new study for the Brookings Institution, visiting fellow Ruy Teixeira and Emory University political-science professor Alan Abramowitz argue that the test for Democrats is not whether they can win working-class whites outright but whether they can hold their losses among these voters to 10 percentage points or less. In 2000 Al Gore lost them to George W. Bush by 17 percentage points; four years later, John Kerry lost them by 23 points. By contrast, Democratic candidates in the 2006 midterm elections ran 10 percentage points behind Republicans among working-class whites—and managed to win back the House and the Senate as well as six governorships and nine state legislatures. The issues that mattered in that election—disapproval of President Bush, opposition to the Iraq war and economic insecurity—remain at the top of their concerns today and could make white working-class voters more open to the idea of voting for a Democrat.

Unless, of course, the party chooses a nominee who seems alien to the average working stiff. On that score, Obama now has some work to do. He is seen by many downscale voters as the candidate of élites, if not élitist himself. Five days after his comments first surfaced on the internet, a Google search of *Snobama* was bringing up nearly 4,000 hits—which is ironic, considering that he is the only candidate in the race whose mother once collected food stamps. That's why he has rolled out the endorsements of Bruce Springsteen and the American Hunters and Shooters Association and put more emphasis on what he shares with working-class voters. He talked about the struggles of his single mom, and the fact that he and his wife had to take out student loans to finance their law-school educations—loans they didn't finish paying off until five or six years ago. (Though, of course, that would be Harvard Law School.) "This is a guy who, when he talks about his own life, has lived through some of the same stuff they are living through," says labor leader Anna Burger, the head of the Change to Win federation of unions, which has endorsed Obama. "The real campaign in the fall is going to be around the economy."

Obama himself made the same point over and over. "If John McCain wants to turn this election into a contest about which party is out of touch with the struggles and the hopes of working America, that's a debate I'm happy to have," he said. "I may have made a mistake last week in the words that I chose, but the other party has made a much more damaging mistake in the failed policies they've chosen and the bankrupt philosophy they've embraced for the last three decades."

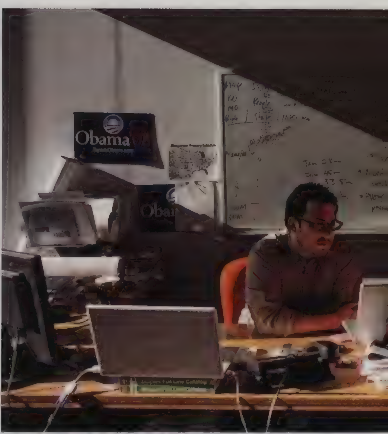
Yet Obama's tone was defensive and flat, and his answer to a question about whether Clinton should abandon her still unlikely bid for the nomination betrayed how the entire episode has knocked the front runner off his stride. "I'm sure that Senator Clinton feels like she's doing me a great favor," Obama said, "because she's been deploying most of the arguments that the Republican Party will be using against me in November." Which might be enough to make a guy bitter. —WITH REPORTING BY JAY NEWTON-SMALL/PHILADELPHIA ■

CAMPAIGN '08

Why Dems Rule the Web

In this campaign, grass-roots organizing has moved online. How the Democrats got the jump on the GOP—and what it could mean in November

BY MICHAEL SCHERER AND JAY NEWTON-SMALL



An all-points, online offensive *Obama's new media boss, Joe Rospars, left, huddles with ombudsman Gray Brooks at campaign headquarters in Chicago*

YOU KNOW THE DRILL. AS ELECTION Day approaches, glossy pamphlets clog your mailbox. Annoying prerecorded calls jam your answering machine. Nasty attack ads disturb your prime-time TV viewing. You are bombarded at every turn, and you take it all in, with only one responsibility in mind: remember to vote.

That's the way it used to be for Tom and Mary Bashore, a retired printer and an accounting assistant from Ephrata, Pa. But at some point in January, they stopped watching and started participating. Mary went on their home computer and found Barack Obama's website, where the couple created a personal Web page to connect with other Obama supporters in the area. A group of about 100 began meeting offline in Lancaster, assigning themselves tasks throughout the county with guidance from the campaign website.

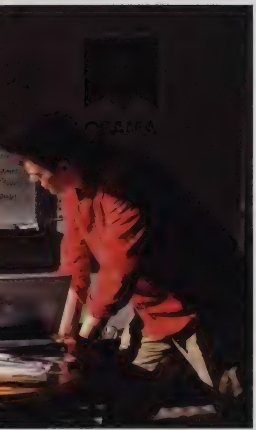
"People were just getting together on their own," remembers Tom, 60, a brown-eyed man with a cropped mustache. "I guess you could call it grass roots." Like thousands of others, Tom downloaded phone lists so he could cold-call potential supporters in the area. Mary spent hours typing names and addresses into Obama's national database. The first paid operatives finally arrived in the area weeks later, only to find a virtually organized Obama machine already up and running. When the campaign held its first statewide training sessions in March, some 2,000 people turned up.

It has gone on like this all year for Obama as his campaign deftly exploits the biggest technological shift in national politics since the rise of television. For millions of Americans, the Internet has turned presidential politics into a fully interactive event, a chance to give money with mouse clicks and to volunteer virtually from miles away. And the Democrats have used these tools to produce historic results. In February alone Hillary Clinton was able to attract 200,000 new donors, most of them online, rescuing her campaign from the brink of bankruptcy. Obama has amassed an army of 750,000 supporters who have signed on to his website and participated in 30,000 offline events. Obama's online fund-raising eclipsed the $100 million mark in the first three months of the year, and his YouTube videos have been viewed 37 million times, a figure that would make any television executive weep. "It is a seismic change," says Michael Malbin, the executive director of the Campaign Finance Institute. "This year's donors are not just givers. They are doers."

> **'It's a seismic change. This year's donors are not just givers. They are doers.'**
>
> —MICHAEL MALBIN, EXECUTIVE DIRECTOR OF THE CAMPAIGN FINANCE INSTITUTE

And that could spell trouble for John McCain come November. Though both Democrats have shown the ability to raise big money online, McCain has been struggling to catch Internet fever. While his rivals rake in bundles of cash in small-dollar checks, McCain makes the rounds of hotel ballrooms, charming wealthy donors with traditional chicken dinners and fruit-platter mixers. In March he attended 26 fund raisers in 24 cities, raising about $15 million, with roughly one-third of it coming from the Web. Obama attended just six events in the same period, yet his campaign raised three times as much, mostly online.

While McCain apparently intends to accept about $84 million in public financing after he is nominated, Obama has been moving in the opposite direction. After once vowing to take public money, he now calls his online fund-raising machine a "parallel public-financing system," which is convenient because it has no upper lim-



it. "He's got an incredible small-dollar operation," observes Charlie Black, a senior adviser to the McCain campaign. "That's a huge advantage for them."

Republicans, who once were far ahead of Democrats in whiz-bang TV technology, let their party fall behind the nerd curve as Howard Dean and later John Kerry revolutionized and then exploited online fund-raising in 2004. Four years later, the Democrats have widened that gap, using the Internet not only to raise cash but also to organize canvassers and plot get-out-the-vote efforts. Republicans say the Democrats' Web advantage is due to not just greater enthusiasm but also smarter strategies. "Everything Obama does is fundamentally about a people-powered democracy and a people-powered campaign," says Mindy Finn, a Republican consultant who ran Mitt Romney's Internet operation. "McCain's message is different."

The irony is that McCain was once an Internet darling. Back in 2000, the insurgent McCain primary campaign raised more than $6 million online, shocking the conventional thinking at the time. When his current campaign began to take shape, McCain's political advisers hoped to reclaim the magic, hiring four different consulting firms with plans that called for a campaign as interactive as Obama's. But it never got off the ground. "Based on where the campaign was financially, you knew at a certain point that it wasn't going to be the kind of online campaign that had been planned," said a former adviser to the McCain campaign.

By last fall, the bulk of McCain's online staff had been let go; his bare-bones website was the technological equivalent of a soapbox-derby car on a busy freeway. The McCain blog has been infrequently updated, many organizational tools were absent, and the social-networking feature, called McCainSpace, was left unfinished, with a note for supporters to "stay tuned." Even today, if you go to McCain's website, you are more likely than not to find a page that just asks for money and broadcasts the campaign's message, with issue papers, press releases and videos.

By contrast, Obama's website is engineered for engagement: prompts invite people to volunteer, make phone calls and find nearby events. "Don't just fill out this volunteer form and wait," it reads. "Get started on your own." The blog is maintained by a former journalist; the social-networking function is managed by a founder of Facebook.

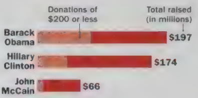
As recently as last November, Clinton's senior advisers were dismissive of their rival's online army, saying Obama's supporters "look like Facebook." They don't feel that way anymore. Since February, when Clinton began pushing the website more as a fund-raising vehicle, Hillaryland has increasingly emphasized the opportunities for supporters to get involved in the campaign.

McCain is trying to make up ground too. He plans to relaunch his website within the next two months, adding many of the interactive features it lacks, including ones that will allow supporters to arrange house parties or write letters to the editor. The campaign is also banking on the historically superior volunteer efforts of the Republican National Committee to narrow the disparity in ground support. In 2004 the committee helped organize an estimated 1.4 million volunteers, many of whom responded to an online get-out-the-vote operation.

But those networks are four years old, and McCain has yet to excite the same level of grass-roots activity that Democrats are exhibiting. Catching up won't be easy. Tom and Mary Bashore, for instance, estimate that they spend as many as 25 hours a week volunteering for Obama. "It's amazing to be part of it," Tom says of the coming primary in Pennsylvania. "We're setting aside all of next Friday, Saturday, Sunday, Monday, Tuesday for the campaign. They've got a lot planned for us." ■

Grass-Roots Dollars

Through February, Democratic candidates have outraised John McCain in total and in contributions of $200 or less, many of which arrive via the Internet

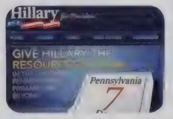


Source: Campaign Finance Institute

Grading the Sites

Pros: The site is geared to visitors and what they can start doing for the campaign, mostly on their own.

Cons: The guts of Obama's eCampaign—the thousands of personal profiles and networks created by supporters—reside much deeper in the site.



Pros: Like Obama, Clinton prominently features tools to help voters raise money, volunteer and make phone calls.

Cons: The opportunities for supporters to work with one another are more limited, with fewer social-networking features.

Pros: Focused on the candidate, JohnMcCain.com primarily delivers information through text and video.

Cons: Interactive features are lacking, and the charcoal-colored theme is uninviting. A limited number of functions offer visitors a way to get involved.

PROFILE

Voyager to the West

Few world leaders love America as much as Gordon Brown. A visit with Britain's Prime Minister reveals why he's having a harder time at home

BY CATHERINE MAYER

CRITICS OF GORDON BROWN—AND AMID sliding approval ratings, there are more than a few—complain that Britain's Prime Minister lacks vision. They say he's a details man—not a bad attribute in a finance minister, the role he occupied for just over a decade, but a weakness in a national leader whose job it is to discern and articulate the bigger picture. Yet from the Scottish home Brown has owned for more than 20 years, there's nothing but big views: great windswept skies and a broad expanse of water, spanned by two extraordinary bridges.

The same dramatic topography inspired economist Adam Smith, a hero of Brown's and a fellow alumnus of the local high school, to think about the virtues of global trade. The ships Smith watched on the Firth of Forth, Brown says, carried both goods and people—Scottish emigrants leaving for the New World. "All the songs of Scotland are sad songs," Brown said in a two-hour interview with TIME. "They're songs about people who will never see each other again because they've gone to America."

Brown, who is making a trip to the U.S., starting on April 17, for meetings with President George W. Bush and the three Senators competing to succeed him, has been shaped both by the great minds of the Scottish Enlightenment, like Smith, and by a long engagement with the country that lured away so many of his compatriots. When asked if he agreed with French foreign minister Bernard Kouchner's recent statement that the U.S.'s "magic is over," Brown demurred. "America," he said, "is still a beacon to the world for its defense of liberty and support for individual opportunity."

Brown often vacations in the U.S., though one suspects it is not the fun and froth of American culture that captivates him. He's more inclined toward earnest policy discussions during summer visits to Aspen, Colo. A colleague says Brown has a huge appetite for American history and politics, routinely stocking up in bookstores on Washington's Dupont Circle. (Though a man of the left, Brown has broad tastes. A bathroom in his house contains a well-thumbed copy of *Moral Judgment*, by James Q. Wilson, a favorite of U.S. conservatives.) In private, he can be delightful company. Australian novelist Kathy Lette says that "there's a loving, frivolous side of him" and describes a surprise party Brown organized for his wife that started with friends, including J.K. Rowling, hiding behind 10 Downing Street's formal furnishings. But as a scion of his country's Calvinist tradition and the son of a Church of Scotland minister, Brown grew up marinated in duty—which has perhaps contributed to the dour image the British press has long bestowed on him.

Whatever his critics say, Brown does have a vision. He sees the world as at a tipping point, full of opportunities to eradicate poverty and promote social justice but fraught with dangers as its peoples struggle to adapt to globalization, technological advances and climate change. He speaks passionately of the way U.S. leadership remade the world after 1945 and of the need today to reform institutions such as the U.N., the International Monetary Fund and the World Bank. There are, he says, four issues that require the world's collective, cooperative attention. "We have global financial flows, but we do not have any form of early warning system for the world economy," he says. "We have environmental catastrophe, but we have no capacity to plan, finance and act globally. We have failed states and terrorism, but we've got no organizational ability to deal with reconstruction, peacekeeping and humanitarian work. And we've got a growing popular participation in the big issues of the day, but we don't have any forum that brings the different faiths of the world together."

There's not one thing wrong with that analysis, but it doesn't exactly lend itself to snappy slogans. "That sounds a bit academic, doesn't it?" says Brown after a long explanation of how voters in Scotland or New Jersey might be convinced of the importance of reforming international institutions. And that's his biggest liability. If Brown is to advance his ambitious agenda, he will have to acquire a skill he has never perfected—the ability to communicate and persuade. In his defense, he can claim bad luck. He followed into office Tony Blair, at his best one of the most pitch-perfect masters of the black arts of political persuasion ever seen. But after a rocky few months, some Labour Party activists, worried about their prospects in the next election (which does not have to be held until 2010), openly wonder whether Brown's long time in Blair's shadow truly prepared him for the top job.

'America's gift to the world should be to offer every child the chance of an education. That would do more for people's perception of America than almost anything else.'
—GORDON BROWN

In the U.S., Brown can at least try out his big ideas in an atmosphere less endemically cynical than that of London. He has a proposal ready for the presidential candidates, one he ran past John McCain during the Republican's recent visit to London. "I was trying to sell him on the idea that America's gift to the world should be to offer every child the chance of an education," says Brown, adding that there are 72 million primary-school-age children in the world not enrolled for class. "That would do more for people's perception of America than almost anything else."

It's a very Brown notion—sincere, well meaning, international. It won't lead the evening news, which is his problem. But perhaps it should, which is ours. ■

Photograph for TIME by Harry Borden

Commentary | Samantha Power

Woe, Canada!

Canadians are losing faith in the war in Afghanistan. Why America's security and NATO's future hang in the balance

THE U.S. DOES NOT OFTEN LOOK NORTH to gauge its own security prospects. But over the past few months, Canada has been quietly embroiled in one of the most revealing political and international-security debates since the end of the cold war. It's a debate critical to the future of NATO. And its outcome may tell us a lot about the fate of the U.S.'s struggle against terrorism.

At issue is Canada's military role in Afghanistan. Canada is one of 26 NATO countries in the International Security Assistance Force, which is attempting to stabilize Afghanistan and neutralize the Taliban and al-Qaeda. But Canada is one of only a handful of NATO countries that have embraced the task of actual war-fighting. The Canadians, who have 2,500 troops on the ground, have suffered 82 fatalities, a death rate that is higher than the U.S. military's in Iraq. In an increasingly two-tiered NATO alliance, Canada occupies the fighting tier, alongside the U.S., Britain, Denmark and the Netherlands.

The Bush Administration has praised Canada's conservative Prime Minister, Stephen Harper, for his commitment to the war. But its toll has unnerved Canadian citizens and opposition leaders. A recent poll showed that 47% of Canadians wanted their soldiers to leave Afghanistan immediately, and only 17% supported maintaining a combat role.

The Afghan war had broad public support in Canada in 2002, but is now seen as one front in George W. Bush's hugely unpopular "war on terror." The discontent also has deeper roots. Since World War II, when Canada sent more than a million troops to fight (and lost 45,000 lives), the country has stuck mainly to U.N. peacekeeping missions—a practice invented (as Canadians are fond of reminding visitors) in 1956 by Canadian Foreign Minister Lester Pearson. Having taken few casualties in the past half-century, Canadians have found it jarring to watch flag-draped coffins return to what can feel like a very small country. A public that has long seen its military as innocently patrolling

ILLUSTRATION FOR TIME BY ALEX NABAUM

the peace has had trouble adjusting to its forces engaging in a full-fledged, unconventional war.

Perhaps most important, Canadians do not see the Afghan conflict as directly relevant to their own security. Al-Qaeda has never staged an attack on Canadian soil. And although 24 Canadians were among the victims of 9/11 and terrorists were planning to blow up two Air Canada flights in the British terrorism plot of 2006, Canadians worry that fighting alongside the U.S. will increase—not decrease—the risk that they will become a target.

After a heated and long-overdue domestic debate, the Canadian Parliament last month voted to keep its soldiers in Afghanistan until 2011—with the provisos that Canadian forces be reinforced by 1,000 troops from elsewhere and that Canadian forces concentrate less on combat and more on training Afghan security forces. When finally consulted in earnest, Canadians concluded that the financial and human costs of the mission were in fact worth bearing, at least for now. That's the good news. The bad news is that unlike Canada, few other NATO countries have begun to grapple with the urgency of 21st century threats or the sacrifices needed to deal with them. The avoidance of these topics allows European politicians to shirk tough questions and deprives them of the opportunity to educate their people about the security and humanitarian stakes in Afghanistan and beyond—stakes that will need to be embraced if collective security arrangements are to remain more than notional.

The U.S. alone can't succeed in Afghanistan. But Canada's example shows that even our closest allies need to be convinced that the fight is theirs too. Before countries like Macedonia, Albania and Croatia gain admission to NATO, they should be reminded that membership carries responsibilities as well as rewards. NATO rules should be rewritten to ensure that countries that invest disproportionate military and financial resources (as Canada has done) should have some of their costs subsidized by the alliance. If a government does not want to send its troops to fight, it should still be obliged to contribute funding and civilian expertise, which remains in short supply.

There is no military solution to Afghanistan's woes any more than there is a military solution to Iraq's. But we'll probably face similar problems in the years ahead. Meeting the challenge will require Western democracies to rethink the identities and priorities they forged in a very different world. ■

Power is the author of Chasing the Flame: Sergio Vieira de Mello and the Fight to Save the World

Canadians do not see the Afghan conflict as relevant to their security. If anything, they worry that their role increases the risk that they will become a target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Branson's Flight Plan

Shoddy service and mounting losses have turned the airline industry into a national joke. So why do Virgin America and its fun-loving boss think they can save it?

BY JYOTI THOTTAM/LOS ANGELES

THE WEST HOLLYWOOD SUN IS BEATING down on the patio, a cold wind is blowing through, and Richard Branson is hosting a long lunch poolside at the Sunset Marquis hotel. "It's an old rock-'n'-roll hotel, which has—it's gone out of fashion a little bit, I think," he says. The Rolling Stones and U2 are regulars; Courtney Love wrote a love letter to Kurt Cobain in one of the suites. It's exactly the setting you would expect from the self-styled "rebel billionaire," the man who signed the Sex Pistols and the Stones to Virgin Records and then tried to bring that same swagger and cheek to the airline business at Virgin Atlantic. I ask him about his mother, a stewardess in the glamour days of the 1950s, and Branson launches into a well-worn tale about her blithely crossing the Atlantic on an airline whose planes didn't always cover the distance.

Then he stops himself, having noticed the looks from the guys gathered around the table. They aren't rock stars; they're airline executives who work in outposts of the Virgin empire—San Francisco, Geneva and Brisbane—and they've heard this story before. Rather than bore them, Branson spends the next couple of hours dishing with his crew. Whose airport lounge can passengers use in San Francisco? (Alaska Airlines.) Is anyone making money flying direct to India? (American is, Chicago–New Delhi.) Which U.S. carrier will fall next? (ATA shuts days later.) We all gossip a bit about a Los Angeles politician. Everybody laughs, and Branson digs into his Greek salad and Diet Coke.

No champagne? No starlets? Don't worry; he'll get to them later. Right now, Branson is just enjoying his role as pilot of what he calls the world's first truly global airline, one that serves as a signpost to where the battered U.S. airline industry must head: scaled back, smarter, more global and perhaps even profitable. With just 122 planes, 13,600 employees and about $5 billion in revenue last year, all the Virgin airlines put together—Branson's Virgin Group has stakes in Virgin Atlantic, Virgin America, V Australia and Virgin Blue in Australia and Virgin Nigeria—are a speck in the eye of the largest U.S. carrier, American, whose 655 planes generated $23 billion in sales.

Yet Branson and his team actually seem to have hope for air travel in the U.S., where poor service and perpetual bankruptcies have turned the industry into a sick national joke. Customer complaints soared 60% last year, a number that will surely get a boost from the 300,000 passengers who endured the abrupt cancellation in early April of nearly 3,300 American Airlines flights for inspections; there may be more at other airlines this summer. Crushed by high fuel prices, four airlines have declared bankruptcy since March 30.

Having brutally slashed costs, staff and service over the past decade, the big airlines still lose money. High fuel prices are a culprit, triggering American's $328 million first-quarter loss, but so is excess capacity, which keeps airlines from raising prices enough to earn a profit. The skimping has turned flying into an ordeal for most passengers. And new "open skies" agreements that have deregulated international travel give better-capitalized foreign airlines more access to travelers to and from the U.S. This accretion of failure has caused some in the industry to lose faith. "There really is no such thing as a healthy airline industry," a former top airline executive told me.

Branson does not accept that idea. Virgin, he says, can succeed where discount and traditional carriers have failed, by offering something different: a hybrid that delivers good service at a reasonable price and eliminates the hub-and-spoke approach that creates mayhem whenever the weather sours. He has convinced his investors, who have so far put $312 million in capital into Virgin America, that this model can work in the U.S. "We're going to shake up the market," he says. Branson expects Virgin America to be profitable within two years. He has done this before: both his British and Australian airlines opened to wide skepticism, and both are profitable billion-dollar businesses. He is now laying out a flight plan for the next great American airline.

$2 MILLION

Amount Virgin America spends to outfit the interior of each of its new A320 aircraft

$312 MILLION

Amount of start-up capital so far for the airline from Virgin Group and private-equity firms Black Canyon Capital and Cyrus Capital

69%

Increase in the cost of jet fuel over the past 12 months

Can Cheaper Be Better?

EXPERIENCING THE FUTURE AS BRANSON imagines it will cost you less than $300, the price of a bare-bones economy ticket between Los Angeles and New York City on one of Virgin America's 149-seat A320s. The planes are new, and the leather seats are comfortable enough for sleeping, even in coach. There are power outlets at every seat. The most profound change, though, doesn't look like much of an improvement at first. Like many U.S. carriers, Virgin America charges for food in economy class. But flight attendants don't dole it out from a cart like gruel in the orphanage; a touchscreen at each seat lets passengers pick what they want and pay by credit card. A few minutes after I swiped my card, an attendant brought my fruit-and-cheese box and a glass of cabernet to my seat. The food was fine, but what I remember more was the simple pleasure of getting what I wanted when I wanted it, freed from the Sisyphean tyranny of the cart.

Why, after all, can't cheaper also be

Photographs for TIME by Joe Pugliese

better? The software behind the touch-screens (which also serve as individual video monitors) knows when the turkey-bacon wraps are gone, so they disappear from the screen and you're never disappointed. Meanwhile, the first-class cabin, $1,600 on the New York–L.A. route, has more luxurious, traditional service.

Virgin America's minimalist approach extends much farther than the cabin door, to what CEO David Cush calls its "operating and complexity costs." The airline is flying newer, more fuel-efficient planes and only Airbus models, to simplify maintenance, which it outsources. It flies only point to point, on high-traffic routes that it expects will be profitable. This streamlining allows Virgin America to introduce itself to American flyers with ultra-low fares, which its competitors are scrambling to match after losing a two-year regulatory battle to keep Virgin America out of the U.S. The airline will raise prices eventually, says Rick Seaney, CEO of travel website FareCompare.com, just as JetBlue and Southwest did. But Virgin, he predicts, "will try to be different" and hope customers value the services enough to pay for it.

Virgin's Global Reach

Richard Branson launched Virgin Atlantic with a flight from London to Newark in June 1984. Here's a look at some other notable routes in the Virgin Group empire

The Virgin Confederacy

BRANSON IS IN LOS ANGELES TO CELEBRATE the launch of V Australia, which will begin flying from Sydney to Los Angeles on Dec. 15. With that last piece of the puzzle in place, he proclaims, "I can finally fly all the way around the world on a Virgin plane!" Over lunch, he and the Australians hatch plans to promote it with a classic Virgin publicity stunt, inevitably involving an appearance by Sir Richard.

They're proud because even though this is a symbolic achievement, it's something no other airline in the world had done. The biggest carriers—American, Lufthansa, British Airways and Singapore Airlines—have all poured resources into expanding direct flights to Asia, but they are held back by their origins as so-called flag carriers, dedicated to travel to and from their home countries. Airline alliances like SkyTeam, Oneworld and Star Alliance link them, but without fully integrated marketing and sales it's difficult to build a cohesive global network, says Henry Joyner, senior vice president of planning for American.

So airlines are trying to patch together closer alliances through investment or gain strength through mergers. Lufthansa recently bought a 19% stake in JetBlue, hoping to take advantage of JetBlue's strong presence in New York City to expand its reach with U.S. passengers. On April 14, Delta and Northwest agreed to a $3 billion merger, and a Continental-United union could be next. "Foreign carriers are merging to grow larger and financially stronger, and U.S. carriers have to match that to remain competitive," says Giovanni Bisignani, head of the International Air Transport Association.

Virgin's airlines operate more like a loose regional federation, connected by the Virgin brand (an extension of Branson's lighthearted persona in a red-and-purple color scheme) but otherwise owned and operated independently. Each has its own business model—different services for different customers in a different set of cities—but they can work together as needed. Virgin Atlantic, V Australia and Virgin America, for example, plan to share a first-class lounge at LAX and thus reduce overhead. Virgin America, V Australia and Virgin Blue can decide on a whim to allow some of their flight attendants to trade cities for a year or compare notes—as their CEOs did during lunch with Branson in Los Angeles—on in-flight-ordering software or customer feedback on the latest Embraer jets. Coordinated online booking among the airlines is the next logical step. The lesson? When your brand transcends borders, building a global network can be as easy as talking across the patio table.

Blueprint *Branson believes that Virgin can succeed where discount and traditional carriers have failed*

The Art of Calculated Risk

BRANSON LIKES TO CULTIVATE AN IMAGE of himself as a risk taker. He was right in character at the press conference announcing V Australia, staged inside one of the departure terminals at LAX, to the slight confusion of people walking toward security. As Brett Godfrey, Virgin Blue's CEO, unveils the airline's introductory fare—$1,000 round trip between Sydney and Los Angeles—Branson, in jeans and a rumpled polo shirt, interrupts. "That's not good enough," he declares. "What kind of plane are we flying? 777s? Then let's make it $777 for the first thousand tickets!" People cheer, as if Branson has just spontaneously handed out $223 in dollar bills, but his lines are part of a well-choreographed bit of corporate theater—never mind that the first thousand tickets had just been sold.

The precisely calculated risk he is taking on those fares, 15% less than competitors, is the only kind Branson, 57, has ever really taken. His autobiography reads like an adventurer's litany of near misses and narrow escapes from hot-air balloon crashes, storms at sea and unruly lovers. But Branson the accountant is unmistakable. He is methodical about risk and rigorously applies that principle to the diciest of industries, airlines. That's why, for example, Virgin America does not plan to have more than 100 planes—limiting itself in the first five years to the 30 largest U.S. cities, those that attract both business and leisure travelers, particularly the young creative types who identify with the Virgin brand. Don't expect Virgin on the Pittsburgh-Indianapolis run. "They will be very sad," Branson says of the passed-by places. "That will be part of the discipline of our company. Our model will not work for every city."

That same discipline has kept him from investing in an all-business-class airline (not enough weekend traffic) or one for the Indian domestic market (too much competition, too many restrictive ownership rules). And it allows him to do things that, on the surface, appear extraordinarily risky. His pledge to devote all the profits from his transportation businesses to fighting global warming, for example, is actually just a decision to channel some of Virgin Group's money, up to $3 billion over a decade, into a wide range of environmental companies, some of them as prosaic as a start-up that aims to reduce fuel costs through safer driving.

He starts small and usually shares the risk. When he wins, he wins big. Branson's initial $10 million investment in Virgin Blue, for example, earned him a payoff of an estimated $500 million when the company went public, although the stock has since declined. When he fails, he always has an exit strategy. "If it doesn't work, we'll bow out gracefully," he says of Virgin America, where his total investment is $72 million. He put $25 million into Virgin Nigeria, but problems with the Nigerian government contributed to $82 million in losses last year, considerably reducing the profits of Virgin Atlantic, which owns a 49% share. Branson says he may reduce his stake in that business, but he won't cut services at Virgin Atlantic to compensate, and the rest of the airlines are insulated from the loss. When you're investing in airlines, it helps to have a parachute.

The "portfolio" approach to airlines is not unique. "I've always thought of the network as being a lot like an investment portfolio," says American's Joyner. "You have the opportunity to move your assets around—in this case it's airplanes—and allocate them in different ways." American, for example, flies 37% of its seat-miles outside the U.S., up from 27% five years ago. But while Branson and his private investment partners can wait for long-term returns, publicly held U.S. airlines are under constant short-term pressure to deliver results.

A New Model Airplane?

Branson believes Virgin America can make flying fun again and still make money. Here's what it does differently:

	BIG U.S. AIRLINES	VIRGIN AMERICA
In-flight service	Delete some services. Charge as much as you can for the rest	Charge for the things that enhance the trip, like good food
Routes	Lose money on hub-to-hub flights. Earn it on the feeder business	Fly point to point to cities with high business and leisure traffic
International links	Try to create seamless global travel through alliances or investments	One brand, many airlines, each tailored to its local market

The Ultimate Hedge

NO MATTER HOW INNOVATIVE VIRGIN'S airlines are, no matter how loudly Branson trumpets biofuel, every plane in the sky runs on the same stuff. The price of jet fuel has risen 69% in the past year, and Virgin's executives, like their rivals, lie under its sword. "Other than the recession and $110-a-barrel oil, I see nothing but opportunity," CEO Cush deadpans. He can't cost-cut his way out; the limits of that strategy are obvious. The big carriers have taken $15 billion in costs out since 2001 but are paying $17 billion more for fuel.

In spite of it all—long lines, delays and indignities—Americans still travel. Even with a recession, demand in the U.S. is expected to grow 5% a year. Worldwide tourist visits are expected to double, to 1.6 billion, by 2020. It's one of the great missed business opportunities in recent memory: there are more flights connecting the U.S. to the rest of the world than ever, but U.S. airlines are flying fewer of them. "America led the world in aviation, and they should still be No. 1," says Steve Ridgway, CEO of Virgin Atlantic. "America built the planes that made this possible."

Branson thinks he understands those intrepid travelers a little better than his competitors do. The only way to survive crushing fuel costs in a global slowdown, he says, is to be an airline that people seek out and will pay for. "You can't just make it a standard product," he says. He wants to give them, and his employees, something different, something memorable. So the Australian staff who've flown 19 hours for a press conference get their treat at sundown: Branson in full celebrity mode on the roof of the Hollywood Roosevelt hotel. Reclining like a pasha on an upholstered banquette, he downs champagne and chats up Daryl Hannah and an 18-year-old aspiring actress-environmentalist named Zelda Williams. He seems to enjoy himself but leaves the party early. He's got a plane to catch.

—WITH REPORTING BY COCO MASTERS AND MARK THOMPSON/WASHINGTON ■


Wind is clean energy

Why Green Is the New Red, White And Blue

So far, the U.S. has sat out the fight against climate change—but that can't continue. Here's how America can lead the way to a greener world

BY BRYAN WALSH

Photo-Illustration for TIME by Ann Elliott Cutting

AMERICANS DON'T LIKE TO lose wars—which makes sense, since we have so little practice with it. Of course, a lot depends on how you define just what a war is. There are shooting wars—the kind that test our mettle and our patriotism and our resourcefulness and our courage—and those are the kind at which we excel. But other struggles test those qualities too. What else was the Great Depression or the space race or the construction of the railroads or the eradication of polio but a massive, often frightening challenge that we decided as a culture we ought to rise up and face? If we indulge in a bit of chest-thumping and flag-waving when the job is done, well, we earned it.

We are now faced with a similarly momentous challenge: global warming. The steady deterioration of the very climate of our very planet is becoming a war of the first order, and by any measure, the U.S. is losing. Indeed, if we're fighting at all—and by most accounts, we're not—we're fighting on the wrong side. The U.S. produces nearly a quarter of the world's greenhouse gases each year and has stubbornly made it clear that it doesn't intend to do a whole lot about it. Although 174 nations ratified the admittedly flawed Kyoto accords to reduce carbon levels, the U.S. walked away from them. While even developing China has boosted its mileage standards to 35 m.p.g., the U.S. remains the land of the Hummer. Oh, there are vague promises of manufacturing fuel from switchgrass or powering cars with hydrogen—someday. But for a country that rightly cites patriotism as one of its core values, we're taking a pass on what might be the most patriotic struggle of all. It's hard to imagine a bigger fight than one for the survival of the country's coasts and farms, the health of its people and the stability of its economy—and for those of the world at large as well.

The rub is, if the vast majority of people increasingly agree that climate change is a global emergency, there's far less consensus on how to fix it. Industry offers its plans, which too often would fix little. Environmentalists offer theirs, which too often amount to naive wish lists that could cripple America's growth. But let's assume that those interested parties and others will always be at the table and will always—sensibly—demand that their voices be heard and that their needs be addressed. What would an aggressive, ambitious, effective plan look like—one that would leave us both environmentally safe and economically sound?

Forget precedents like the Manhattan Project, which developed the atom bomb, or the Apollo program that put men on the moon—single-focus programs both, however hard they were to pull off. Think instead of the overnight conversion of the World War II–era industrial sector into a vast machine capable of churning out 60,000 tanks and 300,000 planes, an effort that not only didn't bankrupt the nation but instead made it rich and powerful beyond its imagining and—oh, yes—won the war in the process.

Halting climate change will be far harder than even that. One of the more conservative plans for addressing the problem, by Robert Socolow and Stephen Pacala of Princeton University, calls for a reduction of 25 billion tons of carbon emissions over the next 50 years—the equivalent of erasing nearly four years of global emissions at today's rates. And yet by devising a coherent strategy that mixes short-term solutions with farsighted goals, combines government activism with private-sector enterprise and blends pragmatism with ambition, the U.S. can, without major damage to the economy, help halt the worst effects of climate change and ensure the survival of our way of life for future generations. Money will get us part of the way there, but what's needed most is will. "I'm not saying the challenge isn't almost overwhelming," says Fred Krupp, president of the Environmental Defense Fund and co-author of the new book *Earth: The Sequel*. "But this is America, and America has risen to these challenges before."

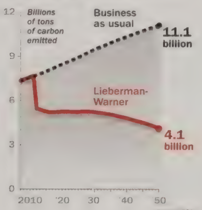
No one yet has a comprehensive plan for how we could do so again, but everyone agrees on what the biggest parts of the plan would be. Here's our blueprint for how America can fight—and win—the war on global warming.

First, Price the Sky

THE MOST IMPORTANT PART OF A BLUEprint to contain climate change is to put a charge on carbon emissions. As long as the sky is free, renewable energy will never beat fossil fuels. But put a price on carbon, and suddenly the alternatives look a lot better. The most feasible way to do this is through a cap-and-trade system that sets ceilings for carbon output and lets companies that come in under the limit sell credits to those that don't, allowing them to keep polluting—a little. The effect is that overall carbon levels fall, and there is even money to be made by being greener than the next guy. That drives investment

A Cleaner Future?

If the U.S. does nothing about global warming, its carbon emissions will continue to rise, but a cap-and-trade program like Lieberman-Warner's should bring about sharp reductions



Source: EPA

By the Numbers

$5.18 billion
Venture-capital funding for clean tech in 2007, up 44% from 2006

25 billion
Tons of carbon emissions that need to be eliminated over the next 50 years to contain warming

4 million
Jobs the Lieberman-Warner bill could cost the U.S. economy by 2030, according to one study

$900 billion
Potential annual savings in energy costs by 2020 under an "efficiency surge"

25%
Mandatory reductions in California's greenhouse-gas emissions by 2020, under its carbon cap

Sources: Cleantech Group; Princeton University; National Association of Manufacturers; McKinsey Global Institute; State of California

PHOTO ILLUSTRATION FOR TIME BY ANN ELLIOTT CUTTING

and research dollars into renewable energy and efficiency. "Cap and trade changes everything," says Krupp.

The 1997 Kyoto Protocol was an early attempt at such a system, with the aim of having developed nations reduce their carbon emissions an average of 5% below 1990 levels by 2012. The accords were meant to drive cuts in greenhouse gases and promote investment in clean tech in developing nations through carbon trading. What probably doomed Kyoto was the absence of some key players. Large developing nations like China, India and Indonesia were excused from the treaty, since limiting their emissions was seen as likely to limit their burgeoning economies. The U.S., whose participation was necessary if the treaty was going to succeed, cited this perceived favoritism when it abandoned Kyoto altogether in 2001.

While President George W. Bush has little environmental cred left after seven years of the least green Administration in modern memory, in this case he had a point. Carbon is a global pollutant, meaning that it has the same impact whether it's emitted from an SUV in Boston, a factory in Beijing or a burning forest outside Brasília. Dramatic reductions in U.S. emissions won't bring the intended environmental benefits if emissions by other countries increase at the same time. The problem is, if we don't clean up our own mess because developing giants don't have to, what's the incentive for them to clean up theirs? "If we don't act, China and India will simply hide behind America's skirts of inactions and take no steps of their own," says Senator John Warner of Virginia.

If the U.S. breaks the logjam and adopts a national cap-and-trade program, it may be Warner who will deserve much of the credit. Last December, a bill that the veteran Republican co-sponsored with independent Senator Joseph Lieberman of Connecticut passed out of the Senate's Committee on Environment and Public Works, giving it the best opportunity of any of the many proposed cap-and-trade bills to become law. Lieberman-Warner, as it's known, calls for cutting carbon from most sources to 2005 levels by 2012 and then 70% below 2005 levels by 2050. Environmentalists would like to see it strengthened, with less wiggle room for polluting industries, but with little else on the table, an attainable good bill may be a lot more attractive than an unattainable perfect one. "The sooner we can get something, the better," says Eileen Claussen, president of the Pew Center on Global Climate Change.

Global warming won't go away easily; beating it requires new, carbon-free ways to generate power. Here are four innovative companies on the edge of the energy frontier

SOLAR THERMAL

#1) Acciona

This growing Spanish company has interests in wind, biofuels and hydro, but its most promising technology is in solar thermal—an often cheaper form of solar power that captures the heat of the sun, uses it to boil synthetic oil and harnesses that to run turbines.

ISAAC BREKKEN—THE NEW YORK TIMES/REDUX

An analysis by the EPA found that the most popular cap-and-trade bill would reduce GDP growth only 1% from 2010 to 2030

Lieberman-Warner hasn't yet gone to a full vote in the Senate, although it may reach the floor by late spring. It will face opposition from the White House, as well as from many Republicans and some Democrats from coal-dependent states. The principal rap against cap-and-trade proposals is that they would be a drag on the economy. A new study by the National Association of Manufacturers, an industry trade group, estimates that Lieberman-Warner would cost the U.S. up to 4 million jobs by 2030 while eroding GDP by up to $669 billion per year. "The environmental community would have you believe that you can make these changes and *not* only will there *not* be negative consequences, there'll be positive consequences," says Republican Representative Joe Barton, ranking minority member of the House Committee on Energy and Commerce.

It's true that there will be costs associated with any carbon-pricing plan; ending climate change won't be free. "You want a clean environment, you have to pay for it," says Peter Fusaro, founder of the green investment group Global Change Associates. But just how high will the tab be? An Environmental Protection Agency (EPA) study found that GDP would grow just 1% less from 2010 to 2030 under Lieberman-Warner than without it—and that doesn't take into account the potential economic benefits. In an April study, the International Monetary Fund concluded that smart carbon-cutting policies could contain climate change without seriously harming the global economy. And while the U.S. business community will fight hard over the details of any cap-and-trade plan, a growing number of companies are now begging for the certainty that will come from what many see as inevitable legislation. "I believe it will be a challenge, but it's doable," says Peter Darbee, CEO of the West Coast utility PG&E.

Of course, such a challenge is easier for a major utility to face than it is for some consumers. Any carbon cap with teeth will boost electricity and gas prices in the short term, before carbon-free alternatives can be scaled to market, and that will hurt those already struggling to heat their homes and fill their tanks. Here's a solution, courtesy of Peter Barnes, a pioneering green entrepreneur: a cap-and-dividend system that returns the revenue raised by a cap-and-trade system to citizens through a flat rebate, similar to the way Alaskans receive oil-industry dividends from the state government.

Though a federal cap-and-trade system for carbon would largely be a foray into the unknown, we can examine how the idea is working in the states, many of which are far ahead of Washington. At the New York City headquarters of the Natural Resources Defense Council (NRDC), organization president Frances Beinecke shows a map that identifies in green those states that have committed to or are considering mandatory carbon caps. A year ago, the map was mostly white, but now it's less than half. Not only are states coming aboard one at a time, but some are joining in groups, as in the West and Northeast, where regional greenhouse-gas trading blocs are being launched. "The momentum that has built up in the states is unbelievable," says Beinecke.

To see why a serious cap-and-trade system doesn't have to come at the expense of economic growth, take a look at California. In 2006, Governor Arnold Schwarzenegger signed the most aggressive carbon regulation in the country: California has now implemented law AB 32, which mandates that the state's greenhouse-gas emissions be cut to 1990 levels by 2020, a reduction of about 25%. "There are so many states in the U.S. that have signed on to [carbon cuts]," says Schwarzenegger, a Republican who has bucked the White House and led the way on global warming.

Schwarzenegger's plans have plenty of critics. Cathy Reheis-Boyd, the chief operating officer at the Western States Petroleum Association, worries that if California gets out too far ahead of the rest of the country, local businesses will flee to unregulated states, a phenomenon called "leakage"—which is another reason a national cap is so important. "I think our industry could be effectively pushed out of California," says Jim Repman, CEO of the California Portland Cement Co.

Past predictions that environmental laws like the Clean Air Act would decimate California's economy, however, proved false, and AB 32 could be no different. A 2006 report by the University of California, Berkeley, concluded that the law would actually boost the state's GDP by $60 billion and create 17,000 jobs by 2020 as the state's entrepreneurial tech culture churns out new companies to meet the need for energy efficiency. While energy-intensive industries like cement-making may indeed be driven out, they could be replaced by clean-tech start-ups like Solarcity, which has become in a couple of years the state's fastest-growing solar installer, employing more than 200 people. Nationwide, the American Solar Energy Society estimates, there are already 8.5 million jobs in the clean-tech sector, which it projects could grow to 40 million by 2030 with the right policies.

WAVE POWER

#2) Finavera Renewables

What's more reliable than the waves? This Canadian company, with roots in Ireland, harnesses the motion of the ocean to produce electricity. Finavera won the U.S.'s first permit to develop a wave-energy plant, off the coast of Washington State.

Energy by the Sip

THE NEXT BIG PIECE OF A GLOBAL-WARMING-control plan involves learning to be more efficient with the fossil fuels we continue to burn. America has long been astoundingly wasteful about energy use, but for years, that mattered little because power and fuel were so cheap. "Until recently, using more energy was a way to get more productive," says Kevin Surace, CEO of Serious Materials, a green building company. "That doesn't change until energy costs go substantially up."

Surace has a point. There are a lot of reasons Western Europe and Japan are so far ahead of the U.S. on energy efficiency, but one is that their higher energy costs

Photo-illustration for TIME by Fredrik Brodén

BOTTOM: FINAVERA RENEWABLES INC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Nature needs honey bees. We all do. After all, they're responsible for pollinating one third of all the foods we eat, like the cherries and pears that make our all-natural ice cream so delicious. But they're disappearing at an alarming rate. Learn how to help at helpthehoneybees.com
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BLUE STATES
WINE SIPPERS
BEER DRINKERS
TECHNOLOGISTS LUDDITES
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RED
BLONDES
SPOKEN
HEADS
BRUNETTES
NOVICES EXPERTS
MOVIE BUFFS
SCIENTISTS PHILOSOPHERS
PRIESTS
IMAMS
BUDDHISTS
HINDUS
MOTHERS
FATHERS
DRIVERS
HAVES
NOTS
HAVES
ROCK
JEWS MUSLIMS
CHRISTIANS
MORNING
NIGHT
PEOPLE
BLOGGERS
MEDIA
MOGULS
FOOTBALL
GRANDPARENTS
KIDS
STUDENTS
TEACHERS
NIGHT
SINGLE
MARRIED
PROCRASTINATORS
GO-GETTERS

simply forced their hand. With oil now well over $100 per bbl., that crisis moment may have arrived for the U.S. too. The answer is an "efficiency surge," a crash improvement that can help offset the steady increase in energy prices and so buy time for the development of carbon-free alternatives. "We need to create breathing room," says Rick Duke, director of NRDC's Center for Market Innovation. "But an unguided market won't take care of that alone."

A coherent plan could. Recent research from the McKinsey Global Institute (MGI) shows that we could slash the projected growth in the world's energy demand by at least half by 2020 just by taking advantage of existing opportunities to cut waste. Think of simple, costless changes like turning off the lights in offices at night—that's "money on the table," in the words of efficiency guru Amory Lovins of the Rocky Mountain Institute. MGI says annual industry-wide investments of $170 billion per year in efficiency improvements like green buildings and higher-mileage cars could yield an additional $900 billion per year in savings by 2020. More important, the emissions cuts resulting from better efficiency could deliver up to half the carbon reductions needed to keep warming at no more than 2°C hotter than the present—considered to be an upper safe level. "There's so much water pouring out of the bottom of the bucket that it's insane to put more water into it," says Adam Grosser, a partner with Foundation Capital, which has invested heavily in energy-efficiency companies.

Some part of that efficiency surge is already in place. Last year's federal energy bill raised corporate average fuel economy (CAFE) standards for the first time in three decades, to 35 m.p.g. for cars by 2020. That's not world-beating compared with Europe's average of 40 m.p.g., but it's a good start. Efficiency standards could be put in place for household appliances and lighting as well. Japan's smart Top Runner program takes the best model in the marketplace and sets its performance as the industry requirement. Similar rules could be applied to architecture. Since nearly half of U.S. greenhouse-gas emissions channel through buildings, there's a sizable opportunity for savings if we mandate green design rather than simply depend on architects and builders to adopt it voluntarily. And if utilities were able to institute variable pricing—charging customers more for power during periods of peak demand and less during off periods—you'd see enormous efficiency improvements.

California—again the leader—has implemented a pilot program for just such a variable-pricing plan. It uses what are known as smart meters, which provide real-time information about customer energy use and make billing more precise and savings more predictable. Since the project began, energy demand has fallen 13%, giving a taste of the wider savings that could be captured with a more comprehensive, permanent plan. Other efficiency programs have managed to keep per capita energy use in California—already the lowest in the country—essentially flat for the past three decades, even as energy use per person in the U.S. overall jumped 50%. California's pleasant clime plays a role, but efficiency still matters. Darbee of PG&E estimates that the state's green policies have eliminated the need for 24 power plants over the past 30 years—a process called "demand destruction," or cutting carbon *before* it's even born.

NEXT-GENERATION BIOFUELS

#3) PetroAlgae

A truly renewable biofuel should be truly carbon neutral, removing CO_2 from the atmosphere while growing. That's the hope of this start-up, which feeds CO_2 to algae, then harvests sustainable biofuel from them.

Invent, Invent, Invent

EVEN AN EPIC SURGE IN EFFICIENCY, though, won't by itself solve our energy woes, because demand in the booming developing world will outpace the best productivity measures. Hence the need for the final and most difficult step in the blueprint: the creation of a new energy system, one that doesn't depend on carbon. There's a chasm between where we are and where we need to be—and our current strategy for bridging it is murky at best. "What we need to do over the next 10 to 20 years is redesign our relationship with nature and energy," says Nicholas Parker, chairman of the Cleantech Group, a green research organization.

No problem, right? But the good news is that there are already thousands of very smart people working on alternative energy in what Daniel Yergin, chairman of the Cambridge Energy Research Associates, calls "the great bubbling." Venture-capital funding in the clean-tech sector hit $5.18 billion in 2007, up 44% from the year before. And no surprise, the biggest bubbling is happening in California, specifically Silicon Valley, where a combination of the state's progressive environmental measures, unmatched scientific talent and entrepreneurial culture is giving birth to dozens of start-ups.

Among the new companies is Amyris Biotechnologies in the Bay Area, where Jack Newman and his team are developing ways to genetically modify bacteria to make better biofuels, sidestepping the food-vs.-energy debate that has long dogged the field. With nearly $100 million in venture backing, Amyris is trying to engineer yeast or bacteria that can metabolize biofuel feedstocks like wood chips and dramatically increase the amount of biofuel that can be extracted from them. "There are staggering things that technology can do," says Newman. "But we need to make this happen in as short a time as possible."

That's where government can help. There may be nothing like free enterprise to unleash innovation, but there's nothing like government to put a whip hand to the process. A firm carbon price will accelerate creativity by making alternatives that much more economical. If Washington better allocated its own research-and-development dollars—as it did in the storied Apollo days—it could accelerate things even more. Currently, the Federal Government budgets about $5 billion per year for research and tax incentives for renewables and energy efficiency. With a federal budget of $2.9 trillion in 2008 and the Iraq war alone burning through an estimated $12 billion per month, there is clearly money to be spent if we decide to reprioritize. A plan floated by Democrats to eliminate $18 billion worth of tax breaks for the oil industry and use the money to support research into renewable fuels would be a smart place to start.

There's no shortage of ways to spend whatever money is made available. Photovoltaic solar panels have made significant improvements, but they are still five to 10 years away from achieving economic parity with fossil fuels—at least at current rates of development. More promising are solar thermal power plants, like the one inaugurated this spring in the deserts of Nevada by Spanish clean-energy giant Acciona. The installation—a 300-acre array of 182,000 mirrors, each aligned to catch and concentrate the sun's energy—heats a synthetic oil that runs in a pipeline and produces steam, which drives turbines to generate electricity. Mirrors and turbines are comparatively cheap, and they're hardly the stuff of high technology. The trick is scaling up and pricing down.

Wind power, the most mature renewable technology, is growing fast, but we need to find a way to store electricity when the breeze isn't blowing. Then there are more fringe alternatives like tidal power, geothermal energy and even nuclear fusion—any of which could take off with enough luck and money.

While Washington should flood the zone with research funding, it should refrain from trying to pick a winner. The great biofuel scam—in which government support for corn ethanol choked the market with a fuel that simply adds to other problems, such as deforestation and food price spikes—shows that straightforward subsidies can easily be perverted for political reasons. But a national renewable portfolio standard, which would mandate that a certain percentage of the nation's electricity supply must come from renewable sources, can force utilities to adopt alternatives on a wider scale, going with the technologies that are producing the best results. For that to happen, though, the government has to stop providing the fossil-fuel industry with billions of dollars in subsidies, which boost the sector's built-in advantage even more. "How can the oil industry need a dollar in the days of $100 crude oil?" says John Berger, CEO of Standard Renewable Energy.

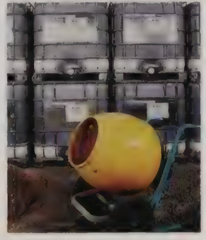
Finally, there are micropolicies, like tax credits, that can make solar power and green building more economical on

Going Green
View a gallery of one photographer's lifelong love affair with trees, and read our picks for the best green websites, at time.com/earthday

GREEN MATERIALS

#4) Hycrete

Battling global warming isn't just about cleaning up power plants. The materials of everyday life use energy—and they can use it better. Hycrete makes advanced waterproof concrete, reducing the amount of nonrenewable waste and toxic chemicals used in construction.



CHRIS MUELLER—REDUX FOR TIME

The American Solar Energy Society estimates that the number of green jobs could rise to 40 million by 2030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of wildlife habitat.

PHOTO-ILLUSTRATION FOR TIME BY ANN ELLIOTT CUTTING

a house-by-house basis. Such credits have helped the wind and solar industries grow out of infancy, but the laws establishing them periodically expire if they're not renewed. The solar investment credit, which was part of the 2005 energy bill, provides a 30% tax credit for the purchase of solar power but will cease to exist at the end of the year if it can't move out of the legislative gridlock that is blocking its renewal. Fortunately, Congress seems ready to extend it. "If it expires, it will take out all the good work that's been done on the state and commercial level," says Julie Blunden, vice president of public policy at SunPower, a leading solar manufacturer and installer. "We could watch our business essentially evaporate by the end of the year."

The Long War

IF WE TOOK ALL THE STEPS OUTLINED here—a national cap-and-trade system with teeth, coupled with tougher energy-efficiency mandates and significant new public and private investment in green technologies—where would that get us? We'd be a little poorer—a sustained battle against climate change will hit our wallets hard, absorbing perhaps 2% to 3% of GDP a year for some time, according to energy expert Henry Lee at Harvard's Kennedy School of Government, though unchecked warming could end global prosperity. But think of it as an investment: that money, if matched by action internationally, can reduce emissions radically over the next half-century, contain warming and lead us to a postcarbon world.

Ultimately, global warming is not a battle that will be fought fiscal year by fiscal year; it's a fight that will occupy us for generations. Our policies have to operate on the same time frame, even if our politics run on election cycles. We've learned from think tanks and war colleges that the outcome of any crisis is usually determined by one dominant global player that has the innovators who can churn out the technology, the financiers who can back it and the diplomatic clout to pull the rest of the planet along. That player, of course, exists, and it is, of course, us. The U.S. has enjoyed an awfully good run since the middle of the 20th century, a sudden ascendancy that no nation before or since has matched. We could give it up in the early years of the 21st, or we could recognize—as we have before—when a leader is needed and step into that breach ourselves. Going green: What could be redder, whiter and bluer than that? —WITH REPORTING BY KRISTIN KLOBERDANZ/MODESTO, CALIF., AND MASSIMO CALABRESI, MARK THOMPSON AND ADAM ZAGORIN/WASHINGTON ■

R_x for a Cooler America

1: Put a firm price on greenhouse-gas pollution by passing a national cap-and-trade program like the Lieberman-Warner bill, and use that leverage to bring developing countries into an international carbon regimen

2: Offset rising power prices caused by a carbon cap by priming the economy for a massive "efficiency surge" that will cut waste and improve energy productivity

3: Pump up research-and-development into renewable energy sources like solar and wind, and support companies bringing new technologies to market

Ban Ki-moon

The Right War

The U.N.'s chief on why a greener planet would be a more peaceful one

TOO OFTEN, OUR WORLD SEEMS TO CAREEN FROM ONE crisis to the next: violence in the Middle East, disease in Africa, soaring food and fuel prices around the globe, the threat of climate change. When people are buffeted by one shock after another, it's not uncommon for them to grow pessimistic, to see the world's problems as too intractable to solve. The temptation is to throw up our hands, retreat from the world and tend our own gardens.

Yet from where I sit, on the 38th floor of the United Nations building, the view is rather different. My perspective is of cautious but resolute optimism. Every problem of the world finds its way to the U.N., our global crossroads of politics and diplomacy. But if the problems come together at the U.N., so do the often hidden connections among them—and through those connections, the ways to real solutions. Nowhere is that more apparent than in our approach to climate change. Many of the challenges we face, from poverty to armed conflict, are linked to the effects of global warming. Finding a solution to climate change can bring benefits in other areas. A greener planet will be a more peaceful and prosperous one too.

Path to genocide *Drought sparked violence in Darfur*

The U.N. was founded, famously, to "end the scourge of war." We often confuse that with the dispatching of peacekeepers to this or that zone of conflict. I see it differently. The basic building block of peace and security for all peoples is economic and social security, anchored in sustainable development. It is a key to all problems. Why? Because it allows us to address all the great issues—poverty, climate, environment and political stability—as parts of a whole.

Consider Darfur, where I've put considerable diplomatic effort during my first year as Secretary-General. It is, of course, most immediately a challenge of peacemaking and peacekeeping. But Darfur's violence began with the onset of a decades-long drought. Farmers and herders came into conflict over land and water. If this root problem is not addressed—if the challenges of poverty alleviation, environmental stewardship and the control of climate change are not tied together—any solutions we propose in Darfur will at best be a temporary Band-Aid.

More than ever before, solutions must bridge the local and the global. Hunger in Africa will be solved partly by helping farmers get the improved seeds, water pumps and soil nutrients they need for a good harvest. It also requires the traditional U.N. development effort—coupled with a new attention to the environment. Since problems spill across borders, security anywhere depends on sustainable development everywhere.

That brings us back to climate change. No place is immune, neither the arid Sahel of Africa nor the grain-exporting regions of Australia nor the drought-prone Southwest of the U.S. To fight it, the U.N. family, including the Nobel Prize–winning Intergovernmental Panel on Climate Change, has begun tapping into a pool of global resources—scientific and engineering expertise, corporate engagement and civic leadership. We have begun to appreciate more fully how the world's dazzling know-how can solve the seemingly unsolvable when we view our problems through the right perspective.

This year at the U.N., as we link the crucial agendas of poverty reduction and climate change, we must remember that among the best minds are the farmers, doctors and community leaders at the local level who have worked out ingenious solutions to urgent challenges. They tell us that there are indeed pathways, at modest cost, to clean and sustainable energy systems, high-yield agriculture in Africa and improved water management in drought-prone regions of Asia, Africa, the Middle East and the Americas.

This year could mark a watershed at the U.N. We will undertake climate-change negotiations in earnest and accelerate our efforts to achieve the Millennium Development Goals to fight poverty, hunger and disease. As we embark on this great undertaking, we might recall the historic importance of American leadership in this fight. In 1963, President John F. Kennedy told the U.N. General Assembly, "The effort to improve the conditions of man ... is not a task for the few. It is the task of all—acting alone, acting in groups, acting in the United Nations. For plague and pestilence, plunder and pollution, the hazards of nature and the hunger of children are the foes of every nation. The earth, the sea and the air are the concern of every nation. And science, technology and education can be the ally of every nation." Let us heed that sound advice. ■

The writer is Secretary-General of the United Nations

ORJAN F. ELLINGVAG—DAGENS NARINGSLIV/CORBIS

The First Big Test

All three presidential contenders talk like greens. What the cap-and-trade fight about to break out may say about them—and the future of the planet

BY ERIC POOLEY

PRESIDENTIAL CANDIDATES MUST BE salespeople of the first order. They take to the stump peddling their ideas and watch which issues catch voters' eyes and which ones leave them cold. The environment has always been one of those no-sale issues. In 2000, Al Gore couldn't even get heard on the subject—and his advisers told him to stop trying.

This year was supposed to be different. After Hurricane Katrina, melting ice caps and Gore's hit film, *An Inconvenient Truth*, the 2008 election seemed certain to serve up a real debate about America's role in cleaning up the planet.

So why are we still waiting for that conversation? Senators Hillary Clinton, Barack Obama and John McCain all support mandatory reductions in carbon emissions—a first in a presidential campaign. But they haven't hashed it out with one another the way they've argued the fine points of, say, health care. In three dozen presidential debates, climate has rarely come up.

This discussion could still take place. The Senate is preparing to debate climate legislation, and the President says he wants Congress to pass a global-warming bill too—but not one with mandatory reductions. It's clearly too late for George W. Bush, who delivered a speech on April 16 calling for incentives to reduce carbon emissions but far too slowly and with little to ensure that the cuts would actually happen.

Climate leadership will come not from this President but from the next. So how will voters be able to tell which candidate is going to take real action? If there's a canary in this coal mine, it's the policy known as cap and trade, an idea Environmental Defense Fund president Fred Krupp calls a "silver bullet." Where do the candidates really stand on cap and trade—and how does it work, anyway?

Cap and trade is popular, but that doesn't mean it will pass. Coal-fired plants are clustered in 25 states where politicians aren't rushing to support the bill

Carbon for Sale

ONE WAY TO THINK ABOUT CAP AND TRADE is as a carbon diet. When utilities or oil refiners are put on the regimen, their annual carbon emissions are measured, and they receive a stack of pollution allowances giving them the right to emit that much carbon in a year. Then the emissions are reduced, year by year. Like all diets, this one's hard to stick to. It's also expensive, since emitters have to invest in technologies to reduce their pollution. But there are incentives. Constraints on carbon boost prices, which means that alternative sources of power become competitive. What's more, if emitters come in beneath their limits, they can sell their extra allowances to other hungry companies. This means there's not just virtue in going green but money to be made as well.

That's the *trade* in cap and trade, and it harnesses the power of the marketplace to fight warming, a concept that helped Republicans like McCain, the presumptive GOP nominee, fall in love with the idea. What's more, it works. Cap and trade was used in the 1990s to limit sulfur dioxide emissions and help tame acid rain. The most promising piece of green legislation now on Capitol Hill, cosponsored by independent Senator Joseph Lieberman of Connecticut and Republican Senator John Warner of Virginia, is a cap-and-trade proposal. The bill is popular, but that doesn't mean it's going to pass. For some fence sitters, the chief obstacle isn't ideology—it's geology.

Half of the U.S.'s electricity and a third of its CO_2 pollution come from coal-fired power plants. Most of those plants are clustered in 25 states, each of which gets a quarter or more of its electricity from

coal. Why does that matter? Because creating a system in which electric utilities pay for the right to pollute will drive up electricity rates in those states and could force a shift to natural gas.

The coal industry would prefer not to go out of business, and it is trying to delay big emissions cuts for a decade or two, until it perfects the technology to capture and store the CO_2 its power plants emit. Lieberman and Warner won't delay those cuts (Clinton, Obama and McCain don't want to either), but they want coal to survive, so their bill gives the industry $235 billion for R&D over the next 20 years. Even so, politicians who represent what's left of America's coal-fired industrial heartland aren't rushing to support the

Planet in Peril

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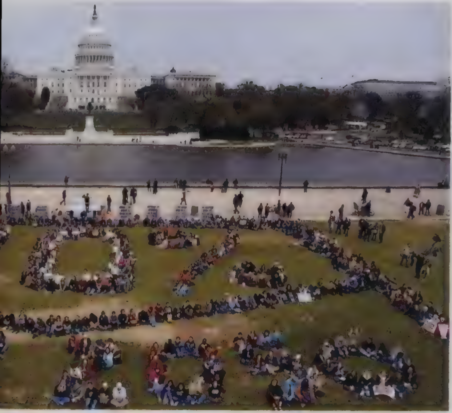

Modest crowd, big number *More than 1,000 people gathered near the Capitol building last year to urge Congress to slash U.S. emissions of carbon dioxide 80% by midcentury*

bill during hard economic times. To bring them around, the bill's supporters must make the case that cap and trade's costs are dwarfed by its benefits—not just averting a climate catastrophe but also jump-starting clean-energy industries and creating millions of new "green collar" jobs.

What's more, trading pollution allowances could raise hundreds of billions of dollars. Clinton and Obama want all the allowances auctioned to the highest bidder, a position McCain would not accept. The fossil-fuel industries want them given away. Lieberman-Warner uses a mix of giveaway and auction, a seemingly fair approach but one that has split enviros—some of whom see the bill as weak. Industry is ambivalent too. The National Association of Manufacturers is dug in against the bill. A large and growing number of corporations know that a cap is inevitable, though few have come out in favor of Lieberman-Warner. And all this leaves unanswered the problem of how to ensure that carbon-constrained U.S. businesses aren't hurt in global trade.

It's in the election that these issues should be getting thrashed out. To encourage that, Gore's Alliance for Climate Protection is spending $300 million over three years on advertising meant to trigger what Gore adviser Kalee Kreider calls a "storm surge" of debate and action. With economic concerns now crowding everything else out, there's a danger that nothing like that will happen. But if the candidates play it right, those same economic concerns could be what gets the environmental conversation going.

The green jobs that cap and trade could help create would be a big employment sector—including production of wind turbines, pollution scrubbers and more. Obama and Clinton talk about spending $150 billion over 10 years to create millions of those jobs, but it's the sale of pollution allowances that would raise that money. No cap and trade, no jobs. That seems simple—but not to the campaigns.

"It's too complicated to talk about on the stump," says a Clinton adviser. But the way Clinton and Obama do talk about it makes green jobs sound too easy, like a federal employment program for Keebler elves. "These are real jobs, but it comes across as happy talk," says United Steelworkers president Leo Girard.

When Lieberman-Warner reaches the Senate floor, probably in June, the talk has to get serious. Obama and Clinton are co-sponsors but may abandon the bill if it moves to the right in search of votes. (The bill's champion, Senate Environment Committee chairman Barbara Boxer, has vowed not to let that happen.) McCain hasn't embraced the bill, even though he has a real record on the issue. He and Lieberman sponsored cap-and-trade bills in 2003, 2005 and early 2007, when most Senators were missing in action. During the primary, he downplayed that history—a necessary strategy perhaps to secure the GOP nomination. Now that he effectively has it, he could use Lieberman-Warner as a way to woo independent voters and put daylight between himself and Bush.

At an environmental forum in Washington the other day, advisers to all three candidates promised that if elected, their candidate would make global warming a First Hundred Days priority. But if they don't help sort out the details of it now, they won't have the mandate they'll need to pass something quickly. And the impasse could drag on well into the new Administration. ■


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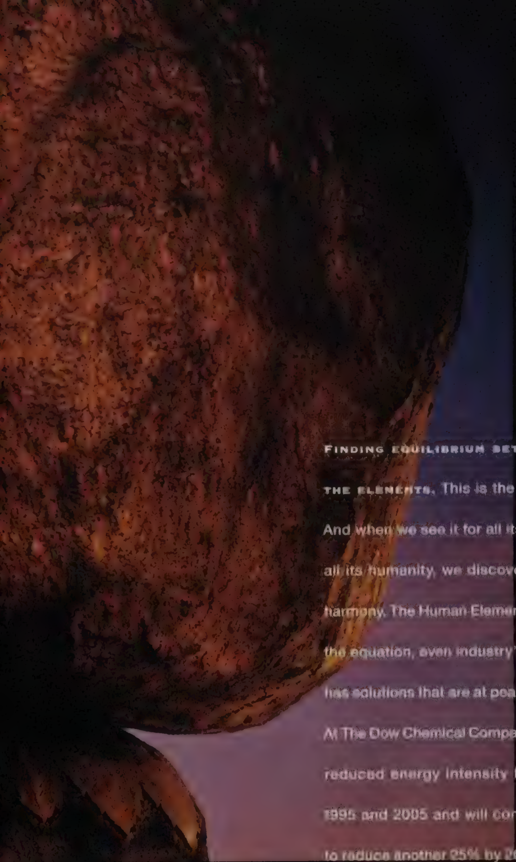

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NERD WORLD, PAGE 70

HEALTH

Womb Service.

Why more women are making caesareans their delivery of choice

BY ALICE PARK

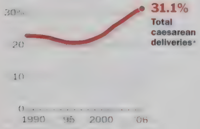
LONG BEFORE SHE EVEN MET HER HUSBAND, and well before she decided to become pregnant, Euna Chung made a firm decision about how she would deliver her children. "I knew for years that I wanted a caesarean section," the 31-year-old Los Angeles–based child psychiatrist says.

She isn't a diabetic, doesn't have hypertension or, for that matter, any of the other risk factors that might indicate the need for a C-section. But a combination of having watched traumatic vaginal deliveries in medical school and hearing about her mother's difficult emergency caesarean experience after trying to deliver vaginally helped make up her mind. "I had a fear of going through labor and ending up

ILLUSTRATION FOR TIME BY SERGE BLOCH; PREGNANT WOMAN: STEPHANIE RAUSSER—GETTY

Birth by C-Section

The number of U.S. caesareans continues to rise, fueled in large part by doctors' comfort with the safety of the surgery



*As a percentage of all live births Source: CDC

Special delivery *More women like Chung, with son Nathan, are requesting caesareans, and doctors believe the trend will only increase*

with an emergency C-section anyway. I know that's rare, but I didn't want to deal with it," she says.

So six weeks ago, when she was ready to deliver her first child, Chung checked herself into the hospital on a day she had already scheduled, underwent local anesthesia, and several hours later had her baby by caesarean, without any complications. Pretty tidy way to conduct the often messy business of childbirth. Yet Chung sometimes feels defensive about her decision. "There is an admiration of women who are able to do a vaginal birth without pain medications, then breast-feed, and do everything else perfectly," she says. "So I didn't go around advertising that I had chosen to have a C-section."

Chung has unwittingly stumbled upon the latest battleground in maternity care. Just as moms and even doctors once clashed about the importance of breast-feeding, they now debate the benefits and risks of vaginal births and caesarean sections. Rates of C-sections have been climbing each year in the past decade in the U.S., reaching a record high of 31% of all live births in 2006. That's a 50% increase since 1996. Around the world, the procedure is becoming even more common: in certain hospitals in Brazil, fully 80% of babies are delivered by caesarean. How did a procedure originally intended as an emergency measure become so popular? And is the trend a bad thing?

Some of the rise in C-sections can certainly be attributed to women with routine pregnancies, like Chung, who make a pragmatic decision to keep their deliveries just as uneventful. Preliminary data suggest that such cases account for anywhere from 4% to 18% of the total number of caesareans. On the medical side, better anesthesia and antibiotics are making the procedure safer. Add to that the growing number of women delaying childbirth, those having twins or triplets as a result of in vitro fertilization and America's exploding obesity epidemic—all of which increase the risks of vaginal delivery. Doctors are also becoming better at picking up the slightest signs of distress in the baby or mother and are quicker to recommend caesareans in such cases.

But even taken together, all these factors don't explain the steep rise in caesareans over such a short time. Instead, says Eugene Declercq, a professor of maternal and child health at Boston University School of Public Health, the biggest change may simply be in the way we think about labor and delivery. In an increasingly technological and medicalized society, maybe even childbirth is losing some of its magic and becoming less about the miracle of life and more about simply getting a baby out safely and without incident. "We put a lot of emotional, psychological and spiritual value around birthing," says Dr. William Callaghan, an obstetrician at the Centers for Disease Control and Prevention. "But perhaps we are coming up with different cultural norms."

Shaping those norms are some powerful fiscal forces as well, such as soaring malpractice rates for obstetricians. Since doctors are sued more frequently after vaginal births than caesareans, surgery is often the prudent choice when there is even the slightest indication of a difficult vaginal birth. Combine this with the increasing willingness of moms like Chung to talk more openly about their C-sections, and we may be headed for a time when mothers make the vaginal-or-caesarean decision in the same way many now make the breast-or-bottle decision.

That does carry perils, however. A panel of experts convened by the National Institute on Child Health and Development in 2006 stresses that moms-to-be need more scientific data that directly weigh the benefits and risks of both delivery methods. Vaginal delivery can, for example, lead to future incontinence and pelvic damage, while babies born by C-section may suffer from respiratory problems because of not being exposed to certain hormones during the birthing process. It will take more studies comparing the two methods for individual women to be able to determine how likely these risks are for them.

Chung remains convinced that she made the right decision for herself and son Nathan. As our ideas about birth evolve, perhaps more women will feel less defensive about making the same choice. ■

'Perhaps we are coming up with different cultural norms about birthing than we ever have before.'

—DR. WILLIAM CALLAGHAN, CDC

The King of Sole. Meet Parisian designer Christian Louboutin, the man behind the world's sexiest shoe

BY KATE BETTS

MOST DESIGNERS LEARN THEIR CRAFT IN the ateliers of more seasoned masters, but shoe designer Christian Louboutin found his calling as a 17-year-old apprentice in the dressing rooms of Paris' famous cabaret the Folies Bergère. "I would watch the girls going up and down the stairs with these very heavy headdresses on, and they never looked at their shoes," he says. "That's where I learned that shoes are all about posture and proportion."

Showgirls of all kinds—from Tina Turner to Nicole Kidman—are still an inspiration for Louboutin, 44, whose instantly recognizable red-soled stilettos have become de rigueur on the red carpet and among Hollywood's A-list crowd. "He is the foremost shoe designer in the world," says Valerie Steele, director of the museum at the Fashion Institute of Technology, where his designs were the subject of a recent retrospective, "Sole Desire."

Louboutin spent the early years of his career designing shoes for some of fashion's biggest names, including Chanel, Yves Saint Laurent and Maud Frizon. In 1992 he opened up his own shop at the end of a picturesque 19th century Parisian arcade. He still runs his business from that Rue Jean-Jacques Rousseau address, but now his shoes are sold in 46 countries around the world. He has 14 boutiques in cities such as New York, Los Angeles, Las Vegas and London, and he plans to open six more next year in places like Singapore, Jakarta and Beijing. He counts Oprah, Sarah Jessica Parker, Cameron Diaz, Katie Holmes and hundreds of other Hollywood stars among his loyal clientele.

Louboutin is just as solicitous of his less famous customers. At a recent personal appearance at Saks Fifth Avenue in New York City, he canceled his flight back to Paris in order to spend another two hours signing shoes. For a woman who confessed that she was "just a housewife," Louboutin signed the sole, TO MY FAVORITE HOT HOUSEWIFE. A blushing bride asked him to sign her wedding shoes, and he grabbed a blue pen and wrote, HERE IS SOMETHING BLUE.

According to Saks' fashion director' Michael Fink, Louboutin's shoes—which retail on average for $800—are one of the store's top-selling brands. "It's the mystique of the extremely sexy pump," says Fink. "And, of course, the subtle branding of the red sole really helps."

More than a cunning marketing concept, the red sole was a happy accident. While working on a prototype in his studio in his early designing days, Louboutin searched for a way to match the shoe to a colorful sketch. "Something was missing, and I couldn't figure it out," he remembers. "Then I realized that the black sole of the shoe was too dark." So he grabbed a bottle of red nail polish from an assistant who was doing her nails nearby and painted the soles. "It didn't take me long to learn from my customers that the red soles were very popular with men," Louboutin says, laughing. "This red sole was a bit of a green light."

'It didn't take me long to learn that the red soles were very popular with men. They were a bit of a green light.'
—CHRISTIAN LOUBOUTIN

While women have always been his predominant inspiration, Louboutin, a landscape and garden fanatic, often looks to nature for ideas. Starting out, he tried covering his shoes in fish scales. Another, more successful idea was embedding hydrangea petals in a clear silicone heel. He even tapped into the recycling trend with his "trash" shoes, which incorporated old métro tickets and café receipts in the heels. "He looks at everything," says his close friend Diane von Furstenberg. "His shoes are like sculptures, objects, jewels." But Louboutin knows that women's most desired treasures are the ones they can wear. ■

Cameron Diaz *in Louboutins at the Kids' Choice Awards*

Getting his kicks *Louboutin poses with a pair of stilettos called "Siamese" that he produced in collaboration with David Lynch*

Kate Bosworth *gives the paparazzi a peek at her soles*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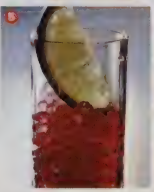
FOOD

Molecular Mixology. How bartenders are using science to create new cocktails that can be sipped or spooned

BY LISA MCLAUGHLIN

CHEMISTRY ISN'T A WORD that most people associate with cocktails. But more bartenders are applying the science of molecular gastronomy to the search for a better drink, mixing alcohol with such stuff as liquid nitrogen, alginates and chlorides. The result: whiskey marshmallows, a mojito mist to be sprayed instead of sipped, a Hurricane that erupts like a school science project.

"It's about changing the texture, density or viscosity, the molecular structure of a liquid," says award-winning mixologist Charlotte Voisey. The chemical-cocktail movement grew out of a 2005 symposium sponsored by Dutch distiller Bols. In attendance were Hervé This, the father of molecular gastronomy, and eight of the world's top bartenders. They created drinks including a boozy ice cream using liquid nitrogen and an ice-cube-like gin-and-tonic jelly. This month Cointreau is introducing a kit to convert its orange liqueur into caviar pearls. Moët & Chandon has created a line of Champagne drinks with foams and caviars that add fruity flavor to bubbly. Science never tasted so good. ■



1. Foam
In Moët's cocktail, foam adds texture and fruity flavor to Champagne without altering the effervescence

2. Solids
At Providence in L.A., Adrian Vasquez make mojito spheres with sodium hexametaphosphate

3. Cotton Candy
At Seattle's Vessel, Jaime Boudreau combines orange-infused candy floss and spirits for a new twist on the old-fashioned

4. Burning
For a Lafitte's Cloud, Boudreau tops rum with a coconut foam brûléed with a mixture of rum and Angostura bitters

5. Caviar
Eben Freeman's Cape Codder, created for wd-50 in New York City, turns vodka and cranberry juice into edible pearls

CLOCKWISE FROM TOP LEFT: BAMBOO; MOËT & CHANDON; SPENCER WEINER—LOS ANGELES TIMES; JAMIE BOUDREAU; SHANNON GREER—THE NEW YORK TIMES/REDUX

Know Technology?
To read more by Lev Grossman, go to *Nerd World* at time.com/nerdworld

My Life Without TV

Has the Internet made the old-fashioned idiot box obsolete? There's only one way to find out: get rid of it

THERE IS A CERTAIN KIND OF PERSON who takes pleasure in announcing that he doesn't own a TV. By doing so he implies that his personal life is so rich—so much richer than *yours*—that he doesn't have to entertain himself into oblivion every night, secretly fantasizing that he is the only man who could bring stability to Liz Lemon's turbulent romantic life on *30 Rock*. I am such a person. I do not own a TV.

I can get away with not having a TV partly because my personal life is so amazingly rich and satisfying but mostly because I have a computer, and all of a sudden there's an incredible amount of TV on the Internet. In the business of moving video data onto small plastic boxes, the Internet used to be a footnote—it was choppy and low res, legally sketchy and financially pointless. Now, in the post-YouTube era, the Web is infested with video. That's what that Hollywood writers' strike was about. Some people think the whole Net will have to be re-engineered to cope with all the video flowing through it. But is it enough? Should you go TV-free?

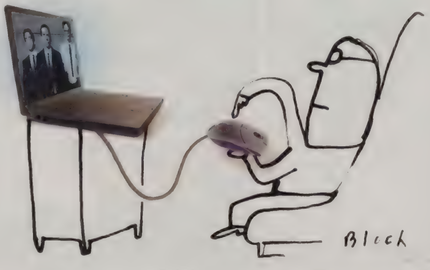
YouTube is what first made this question worth asking, and unless there's a cable channel out there that I don't know about, it's still the world's premier venue for Asian teenagers playing video-game theme songs on two electric guitars at the same time. But since it launched in December 2005, YouTube has been largely stripped of the kind of longer-format, commercially produced content that could get you through a solitary evening at home, as opposed to a furtive interlude between spreadsheets. It's becoming what it was always meant to be: a vast galaxy of bizarre amateur snippets. It's like those restaurants that serve only tapas: there's a lot of good stuff there, but afterward, you're never sure that you actually had dinner.

YouTube is like those restaurants that serve only tapas: there's a lot of good stuff there, but afterward, you're never sure that you actually had dinner

Enter the Death Star, otherwise known as Hulu *(hulu.com)*. When NBC Universal and News Corp. announced last year that they were jointly starting their own YouTube knockoff, the guffaws were loud and long: everybody who's ever seen a made-for-TV movie knows that the scrappy underdog *always* beats the corporate Goliath. But oddly enough, Hulu, which came out of beta in March, is a gorgeous piece of interface design laid over a technically very sweet video player. The offerings are eclectic but compelling: a handful of current shows *(The Office, The Simpsons, 30 Rock)*, a larger handful of "classic"—i.e., old and canceled—shows *(Adam-12? Alfred Hitchcock Presents? Airwolf?)* and a random, sometimes startling collection of movies *(Point Break! The Big Lebowski! End of Days!)*. No wonder Hulu has reportedly already sold its entire advertising inventory. It's depressing to live in a world in which huge, faceless corporations can do something right.

But Hulu does have huge gaps. You can fill in those gaps two ways. One is with money: Apple's pay-per-download iTunes store has a wider selection of TV shows and movies than Hulu, as does Amazon's Unbox service. Two is with your immortal soul: you can download all this stuff for free, illegally, via LimeWire, BitTorrent and lots of other file-sharing systems.

There are plenty of other services waiting in the wings—such as Joost and Miro—and there's no telling at this point which business model will win out. It's a case in which whoever wins the game gets to decide what the rules were after the fact. But the answer to our original question is obvious: yes, we have reached the tipping point at which it's perfectly possible to replace your TV with a computer. Presuming two things: one, you don't care about a big screen or bumpin' audio because the Net doesn't deliver those yet. And two, you're watching alone. Watching TV on a computer is an experience best savored in solitude. Which isn't a big deal if, like me, you live by yourself. Did I mention how rich and fulfilling my personal life is? Hey, Liz Lemon—call me! ■

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IF YOU WANT A FRIEND, BUY A DOG. THOSE words are most often attributed to the corporate raider Carl Icahn in the mid-1980s and were later immortalized by the character Gordon Gekko in the film *Wall Street*. But given today's hostile environment for even conservative investments like munis and mortgages, you too may be muttering the phrase—right now.

If so, you're in high-profile company. The brokerage Bear Stearns wound up dogless a few weeks ago. Bear Stearns, known for extreme self-interest, couldn't find a friend to throw it a lifeline. Now it's as good as gone.

Your nest egg doesn't have to suffer a similar fate. Any time turmoil strikes the market and your notional allies—in this case, banks and bond-rating agencies and bond insurers that are supposed to backstop you—fail in their duty and leave you, well, dogless, it's a good time to take a good look at what you own. In this sense, says Guy Cumbie, a financial planner in Fort Worth, Texas, "anything that stress-tests your portfolio and gets you to pay attention to the level of risk you are taking is a good thing."

You may already be so well diversified that you need not make many adjustments. A disciplined investment approach through good times and bad is ever the best policy. Trying to time the stock market is especially futile. In the 20 years through 2006, the Standard & Poor's 500 returned an average annual 11.8%, but the typical stock-fund investor earned only 4.3%, according to a study by research firm Dalbar. Fund fees play a role in that gap. But investors' errant attempts to move in and out of stocks at lows and highs are mostly to blame.

What should you do? Rebalance, for starters. Any exposure you have to gold,

oil and other commodities may have grown too large. Ditto for emerging markets and small-cap stocks. But big-cap U.S. stocks (especially in health care and consumer staples) may have shriveled too far. Real estate may have shrunk as a part of your portfolio too, but because most investors are homeowners, they already have a stake in that game. By all means, stick to your dollar-cost-averaging regimen, whereby market volatility actually boosts returns because you automatically buy while prices are down.

Even a disciplined approach, though, allows wiggle room to get more or less aggressive. Right now it pays to play things safe, says Richard Bernstein, chief investment strategist at Merrill Lynch: "There is nothing wrong with cash." Yet be warned: yields on money-market funds and bank CDs are low and going lower. Don't plan on holding lots of cash for more than six months. One good option, says Bernstein, is Treasury bonds, which on a total-return basis have outperformed stocks in five of the past eight years—a first since the Depression. He believes that trend will hold this year. Bernstein also likes stocks of large-cap companies and, as a play on the weak dollar, foreign stocks that pay a dividend (in euros or yen). Consider MFS International Diversification, which recently had a 12-month yield of more than 5%, or Wisdom Tree International Dividend, an exchange-traded fund that recently had a net yield of 4.5%.

Investor Wilbur Ross called attention to the "relatively unparalleled" values in the muni-bond market in March, when he revealed a $1 billion position. Muni yields almost never beat Treasury yields because both are considered safe, but the income from munis is tax exempt. That anomaly occurred earlier this year, and even though some order has been restored, muni yields remain historically high. "These aren't as safe as cash," says Mark Soehn, managing director at Financial Solutions Advisory Group in Chicago. "But the risk is well worth it." He recently put his clients into the BlackRock International Municipal closed-end fund, which was trading at an unusually large 12% discount to the assets in the fund and yielding 5.7%. The after-tax equivalent of that yield for someone in the 30% tax bracket: 8.2%. Steep discounts and generous yields are still available in closed-end muni funds, including DTF Tax Free (recently at a 10% discount, with a 4.4% dividend).

No matter how much it looks like the end of the world, the end never really comes. Those who stick to a plan and grab bargains when others leave them behind reap the best long-term rewards—whether their friends are with them or not. ■

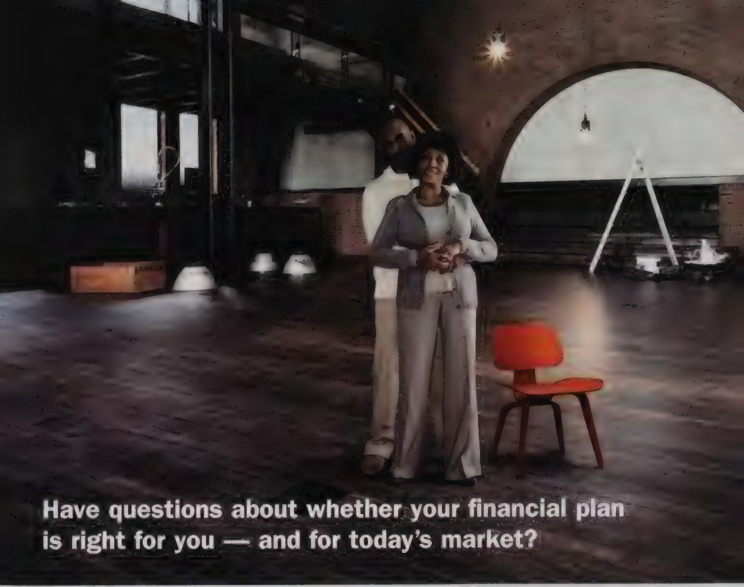
ILLUSTRATION FOR TIME BY PETER AND MARIA HOEY

Where to Invest In the Next Year

GO TO CASH *Money-market funds are the place to hide. But with yields dropping, don't plan to stay there long.*

BUY TREASURY BONDS *T-bonds have had higher total returns than stocks in five of the past eight years, and some analysts say the trend remains firmly in place.*

BUY LARGE CAP *The stocks of large companies have been laggards for years but appear to have turned the corner.*



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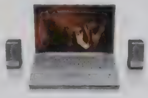

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THE ROAD WARRIOR'S GUIDE TO TRAVEL

FROM THE EDITORS OF FORTUNE

ALL THE RIGHT MOVES
FOR STACEY BENDET'S TIPS ON NAVIGATING L.A. PLUS FOUR OTHER CITY GUIDES TURN THE PAGE

Five frequent fliers give us a roadmap to their favorite business destinations: New York, Washington, Beijing, Buenos Aires, and Los Angeles.

BY ANNA JANE GROSSMAN PHOTOGRAPHS BY ALYSON ALIANO

New York City

DRINKING IT ALL IN
McDONNELL AT THE BENJAMIN HOTEL IN NEW YORK CITY

JOHN McDONNELL, 46
COO, PATRÓN SPIRITS

I'M FROM MASSACHUSETTS, I live in Florida, and I have my office in Nevada, but I spend most of my time in the sky," says John McDonnell, who traverses the country singing the gospel of tequila and Patrón's other spirits to distributors and duty-free buyers. It's a company that's swiftly expanding. "Two years ago we were in two markets internationally. Today we're in 75." We caught up with him as he was touring bars in the cocktail mecca of Manhattan.

1. **Days on the road** 200

2. **Favorite N.Y.C. hotel**
The Benjamin Hotel is like my Cheers. Everybody knows my name. They even have Patrón in the minibars.

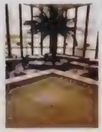
3. **Go-to shirtmaker**
I get all my suits and shirts made by Mr. Kelly at **La Rukico Tailors** on East 48th Street. My first job out of college 20 years ago was right around the corner, and I've been going to him ever since.

4. **Culinary hot spot**
I've never had a bad meal at Cookshop, a comfortable and welcoming little restaurant on Tenth Avenue. And next door there's Appellation Wine & Spirits, a great shop that specializes in organic wines.

5. **Coffee break**
Mudspot in the East Village is a fun little family-owned and -operated neighborhood coffeehouse on East Ninth Street. They started by selling coffee from a truck parked every morning near the subway down there. The chain coffee places are all over New York, so it's great to see a family-owned and -operated business like this thriving.

6. **Best sports bar**
I like everything about New York except the sports teams. I'm from Boston. Need I say more? If I want to watch a game, I go to the Riviera Cafe on West Fourth. It's a Red Sox bar, so I feel safe there.

7. **Power-lunch spot**
If I'm going to have a business meeting, I like to go to the **Four Seasons restaurant.** I like sitting by the pool. I always get the Dover sole—it's the best I've ever had. But if it's a meeting where we'll need more space, I'll usually rent a conference room at the Hotel Gansevoort.



Washington, D.C.

BARBARA FULMER, 56, GLOBAL MANAGING DIRECTOR OF CORPORATE WELLNESS, JENNY CRAIG

WHEN IT COMES TO FOOD and exercise, it's easy for busy business travelers to adopt a permanent vacation mentality, but Jenny Craig exec Barbara Fulmer knows better. "You have to take your healthy behaviors with you when you leave home," Fulmer says. Good health is one reason Long Island resident Fulmer so often ends up in Washington, D.C.—she frequently meets with businesspeople and lobbyists to talk about health issues. Here's how she stays in shape in the nation's capital.

ON THE RUN FULMER LIMBERS UP BEFORE A MORNING JOG NEAR THE MALL IN D.C.

1. **Days on the road** 145

2. **Travel pointer** I always stay at Marriotts. I love getting points! I like the **J.W. Marriott Hotel Pennsylvania Avenue** because it attracts a business crowd. I don't want to feel as though I'm in the middle of someone else's vacation. It's close to the Mall if I want to go for a run there. I also like the Marriott Wardman—it's where the first *Meet the Press* was broadcast from.

3. **Top commute** I usually take American Eagle from J.F.K. They're small planes and have one set of rows that just have one seat. I always get one of those, in the front. That way I can get in and out quickly—and I can kind of pretend I'm in first class! In the airport, I always go to the American Airlines Admirals Club. It's quiet and they have work stations—and coffee when the rest of the places in the airport aren't yet open.

4. **Light bite** I like **Citronelle** because they do great seafood dishes. The entrées are all clean and healthy, and they serve Chassagne-Montrachet, a beautiful wine that's hard to find by the glass.

5. **Nightcap** I like hiring a driver and taking tours of the city in the evening when all the monuments are lit up. I'll usually use Reston Limousines. You get a very different view of the city.

6. **Gym getaway** The Sports Club/LA right next to the Ritz Carlton is a fabulous health club—really spectacular. It's posh and clean and has a lot of equipment and spa services.

7. **Windbreaker** Lately I'm loving my Sugoi jacket (sugoi.com). In D.C. a lot of times you'll get a light rain, so it keeps me dry when I'm out walking but isn't overly warm. It also has stripes on it that reflect light, which is important when you're running in a busy city.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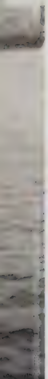
FINE CHINA
McGOVERN, PICTURED AT HIS NAMESAKE BUILDING AT MIT, HAS VISITED CHINA MORE THAN 100 TIMES.

Beijing

PATRICK McGOVERN, 70
CHAIRMAN, INTERNATIONAL DATA GROUP

In some 30 years Patrick McGovern, chairman of the technology publishing and research company International Data Group, has traveled to China more than 100 times. Recently he's been exploring Beijing looking for a location for a sister site of the McGovern Institute for Brain Research at the Massachusetts Institute of Technology. His visits to the East have broadened his mind—and challenged his stomach. Out of politeness, he has eaten everything from scorpions to monkey brains at banquets. Here are his thoughts on how to visit Beijing like a pro.

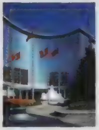


1. **Days on the road** 150

2. **Exchange program** It's always a good idea to bring a few little gifts representing American culture, because people will invariably give you a gift—maybe a book of stamps or a hanging scroll. I usually bring a glass gavel if I'm meeting a chairman, or maybe a calendar from New England.

3. **Meal plan** You have to be aware at banquets that the first course will include ten things and you'll want to try half of them, but then you realize there are seven more courses to go. You really do have to try something at every course so as not to seem rude.

4. **Cuisine 101** At the **Grand Hyatt Beijing**, where I usually stay, they have a restaurant called Made in China, which specializes in northern cuisine, including roast duck. They serve every part of the duck, including the brain and feet. Eat first, ask later. You'll think, "That was nice lamb," and then they'll say, "No, that was dog."



5. **Tongue twister** I've used language CDs by Pimsleur and can now take part in simple, polite exchanges in Mandarin.

6. **Dress code** Bring a red tie—the Chinese color of happiness. There's been an amazing transformation since 1978, when everyone was in baggy pants and Mao jackets. Now everyone is in modern Western attire.

7. **Smart art** **798 Art Zone** is a very interesting center that has 40 or 50 galleries and studios, all gathered together in a large old factory. It's a way to see a little of everything.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Buenos Aires

WHERE'S THE BEEF?

RENATO BENINATTO, 46
CO-FOUNDER OF COMMON SENSE ADVISORY

GROWING UP in Rio de Janeiro, Renato Beninatto never imagined spending much time in Buenos Aires—Argentineans and Brazilians are infamous for their intense soccer rivalry. But now Beninatto, who speaks five languages, travels there continually on behalf of his consultancy, which helps clients better understand and do business internationally. "Argentineans are like Italians who speak Spanish, think they're British, and live in Paris," he says. "It's a great place to do business because it's inexpensive and the people are highly motivated."

1. **Days on the road** 150

2. **Taxi tip** Once I'm in the city I take cabs everywhere—they're safe and cheap. But at the airport, it's simpler to use hired cars because you can prepay and even book online. I use Manuel Tienda León (www.tiendaleon.com.ar).

3. **Hotel hot spot** I stay at the Faena Hotel. It's a boutique hotel near the port and has red carpets, marble bathtubs—it's both luxurious and comfortable. You have restaurants and nightlife nearby, which is convenient because everything happens late at night in Buenos Aires. You go to dinner at ten, movies at midnight, and you can still get a drink afterward.

4. **Shopping trip** I sometimes go to Puerto de Frutos, about half an hour from downtown. It's a nice day trip on the train down the coast. It's a market with the work of regional artists and local food and crafts.

5. **Luxury leather** Every time I go, I get a purse or a leather product for my wife at Prüne. They are in all major shopping malls and have beautiful, elegant stuff.

6. **Walking tour** I like to stroll around the Palermo Soho neighborhood, in the northeast part of the city. There are lots of good restaurants and little design stores with personality.

7. **Food fetish** I could live on breakfast alone in Argentina. They have ***medialunas***, which are the best croissants in the world. This city is a carnivore's paradise. My favorite thing is *molleja*—grilled sweetbreads. They have them at any *parrilla* [steakhouse] that you go to.

BUENOS AIRES: JON HICKS—CORBIS; CROISSANTS: EDUARDO A. VORCILLO

Los Angeles

STACEY BENDET, 30
OWNER AND DESIGNER, ALICE + OLIVIA

FASHION DESIGNER Stacey Bendet, the energetic force behind Alice + Olivia, travels from her home in New York to Los Angeles at least one week each month to visit her store there and to oversee two new shops and a showroom that are under construction. And with a new fiancé (Eric Eisner, son of Michael) and a Left Coast property (she recently purchased a chateau in the Hollywood Hills with the musician Moby that they plan to use as a design and recording studio), Bendet seems to be tiptoeing toward full-time residency. Here's her advice for navigating L.A., freeways and all.

CALIFORNIA DREAMIN' DESIGNER BENDET FREQUENTS THE LEFT COAST

1. **Days on the road** 100

2. **Driving force** The thing I don't like about L.A. is all the driving because, well, I don't really drive. I use a driver, Ronnie, with Airport Express Limousine (airportexpresslimos.com). He drives all the celebrities and probably has good stories to tell if you can get them out of him.

3. **Snack stop** I often go to Real Food Daily, an organic place in West Hollywood. I like their **nori rolls** with sweet brown rice and tempeh. I also love Ambrosia on Sunset, this neighborhoody place with the best smoothies and great lattes. They carry Activate, a drink that has vitamins in the cap, and they mix in with water when you open it.

4. **Home away from home** We got engaged at the Hotel Bel-Air, which I love. It's old-school Hollywood without feeling old. I also like L'Ermitage, a boutique hotel with a great little bar.

5. **Musical interlude** I usually try to hear **Mickey Avalon** when he's playing—he's this amazing L.A.-based singer. If I go out, I'll often end up getting drinks at the Chateau Marmont.

6. **Shopping fix** I love Opening Ceremony, a clothing store with rotating themes. Satine, on West Third Street, has a unique mix of small designers and non-mainstream pieces from bigger designers. We sell there. And Maxfield, on Melrose, a museum-like designer store, is a great place for inspiration.

7. **Vintage find** The Way We Wore on La Brea has incredible vintage clothes and costumes, and a rental service with Halston gowns from the '70s, cool '50s print dresses, vintage Chanel—everything. It's such a find that I almost don't want to tell anyone about it.

SUSHI: ALAMY; AVALON: PAUL BUTTERFIELD—GETTY


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INSIDE

The export machine is like a race car with no brakes. One tight turn, and the wheels come off

BILL POWELL, ON CHINA'S MANUFACTURING SECTOR

Global Business

☐ MANUFACTURING ☐ FRONT AND CENTER ☐ MEGACITIES ☐ TOP BUSINESS TEAMS ☐ CHINA ☐ SPIRITS

Carefully crafted *Even in the largely automated Brooks Brothers factory, some details are done by hand*

JOSHUA LUTZ—REDUX FOR TIME

MANUFACTURING

Sewn in the U.S.A. Wage costs forced most clothing makers abroad. Brooks Brothers' tie factory makes the case for staying local

BY BARBARA KIVIAT

DOMINGO RAMIREZ IS A CUTTER ON THE tie-factory floor. He unrolls silk fabric from a long bolt and smooths it out on the cutting table. Then he lays down a cardboard pattern, draws a chalk outline and cuts the material with a circular knife. Like cutters around the world, Ramirez does this a hundred times a day. But unlike almost all of them, he does it in the U.S.—in New York City, specifically, just a 15-minute car ride from the Madison Avenue headquarters of his employer, Brooks Brothers.

Most apparel manufacturers went overseas in search of cheaper labor years ago—90% of the clothes Americans buy come from places like China, Mexico, Bangladesh, Honduras, Indonesia and Vietnam. Nearly a million people in the U.S. worked in apparel manufacturing in 1990; today fewer than 200,000 do, according to the Bureau of Labor Statistics, an obliteration of the field in less than 20 years. Yet within this classic example of globalization, Brooks Brothers has a message: Sometimes it makes sense to stay at home.

End of the line *After a 16-step assembly process, the ties wind up at their last inspection before being wrapped, boxed and shipped to stores around the world*

It's counterintuitive to say the least. Back in 2001, when Claudio Del Vecchio, the son of an Italian eyeglasses magnate, was thinking about buying Brooks Brothers from the British retailer Marks & Spencer, the sales pitch included a familiar refrain: a new owner could close the Queens, N.Y., tie factory, move manufacturing overseas and save a ton of money. Del Vecchio did buy the company, but he didn't close the factory. Instead, he plowed millions of dollars into improving it. Now every single Brooks tie, whether sold in Detroit, Milan or Dubai, starts there. "Of course we could go to China and make a tie much less expensively," says Joe Dixon, Brooks' senior vice president of production and technical services. "But that's missing the whole point."

The point is that there are real advantages to having your factory in your backyard—from being able to test new fabrics and make changes quickly to fostering collaboration with suppliers on innovations like stain resistance to having a handy place to iron and repackage ties on their way to outlet stores. "We do a lot on the fly, which would be hard to do offshore," says Laura Rowen, director of manufacturing.

At the top of the list of advantages is the way Brooks manages its inventory. The company can put a new tie on the shelf, see how it sells and, if it's a runaway, make and ship more within days. At the factory, a tie starts at one end with a cutter like Ramirez and then works its way in a bundle of 50 down the football-field-size room. All 16 steps—including sewing the tie's blade to its tail, adding a lining, pressing the tip and turning the tie right side out—take about an hour. "The flexibility to reproduce something if it's doing well or to not produce a lot of something if we don't know it's going to do well has a benefit on top of the bare cost of producing that one tie," says Del Vecchio. "We can get things in three days if we want to. China could never do that."

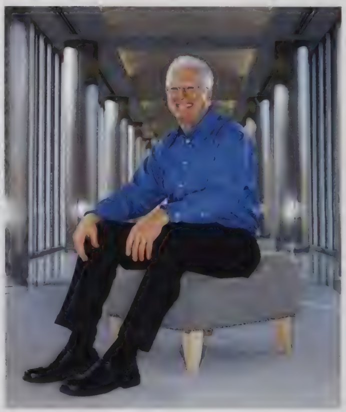
To be fair to the legions of apparel manufacturers who *have* gone overseas, the economics of making a Brooks Brothers tie in the U.S. are far different from those of making, say, plain cotton underwear. About 70% of the cost of making a Brooks tie comes from materials (the company imports almost all its silk fabric from England and Italy), which leaves a fairly small fraction of the cost coming from labor. Compare that with making a Brooks shirt, for which the proportion is flipped—just 30% of the cost of production is from the material—and it's easy to see why chasing the least expensive workers isn't nearly as imperative in tie manufacturing as it might be elsewhere. There's also the convenient fact that customers are willing to pay a premium to shop at Brooks: its ties retail from $75 to $165. "If the customer doesn't care about the price, then the retailer shouldn't care about the cost," says Mike Todaro, managing director of the American Apparel Producers' Network.

'Of course we could go to China and make a tie much less expensively. But that's missing the whole point.'

—JOE DIXON, SENIOR VICE PRESIDENT OF PRODUCTION, BROOKS BROTHERS

Brooks, though, isn't oblivious to the price it pays for goods. The company's other U.S. factory, a shirt plant in North Carolina, provides a good comparison. Brooks sells more than 3.5 million shirts a year but makes only about 250,000 at its factory, which is reserved for higher-end wares such as made to order and the Golden Fleece brand. Most of the others come from Malaysia. "Part of it is the prestige of having shirts handcrafted in our own factory," says Dixon. "It's a marketing initiative." The tie factory, though, offers no such appeal. Even most apparel insiders don't know that all 1.7 million Brooks ties produced annually are made in New York.

In other words, Brooks has found enough genuine operating reasons to stay in the U.S. And it all works out, says Del Vecchio, because of the company's commitment to constantly upgrading its technology, like the automated cutting machine installed in March 2007. (Ramirez and other cutters still handle the most expensive and delicate fabrics by hand.) "If you don't believe in a factory, you don't buy new machinery, and other people beat you at quality and productivity," says Del Vecchio. "It's the dog eating its own tail, and in the end, you have to close. That's the story of a lot of American manufacturing." At the Brooks tie factory, they tell a different one. ■



JOHN CARRICO—ALIAS IMAGING FOR TIME

Game changer *Lafley forced P&G's inward-looking culture to face the boss—the customer*

FRONT AND CENTER

Making P&G New and Improved. A.G. Lafley transformed a legendary but ossifying company by organizing around innovation

PROCTER & GAMBLE IS A place you'd look for wash-day miracles, not management revolutionaries. Yet A.G. Lafley, CEO since 2000, proved otherwise. He drove relentless change at the famous but once flailing company. In *The Game-Changer*, written with management guru Ram Charan, Lafley explains how P&G flourished by organizing around customer-driven innovation. He talked with TIME's Bill Saporito:

So how's business at P&G?
We try to grow our organic sales, which means—not including any acquisition, not including any currency, all of that—4% to 6% a year in markets that grow a couple of percent a year. So we're obviously trying to build our share. We try to grow our earnings per share by double digits. We have very comfortably been doing that this year. And we think we'll finish the year and deliver that.

We think of innovation as a creative, nonlinear concept. Yet you and Charan are saying it's a manageable process. Isn't there a conflict here?
I don't think so, because first of all, we have a definition of innovation. For us there's a big difference between an idea or invention and innovation. And the main difference is, there has to be a consumer or a customer for innovation. We've got to close the sale. You have to part with your hard-earned money. An innovation business model is driven by trial generation and purchase generation and then delightful usage and experience, which results in, in the end, a loyal user of the product or service that we've innovated.

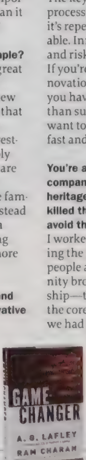
You talk a lot about opening up the innovation process across the company.
We speak in jargon in the business world, and it's really horrible at a big company. But the whole idea of open architecture and open systems and open marketplace for ideas and innovations is really important. And this, this concept that we call "connect and develop," is really important because of what we're trying to do—*connect* is a really important word. We're trying to connect with the consumer and customer. We're trying to connect an early-stage innovation with a consumer and customer and see how important it can be for them. Can it really improve their life?

Can you give me an example?
Febreze and Swiffer are great examples, because in essence Febreze created a new category first: a category that removed malodors from fabric. Swiffer is an interesting one because we simply made cleaning, surface care and quick cleaning easy, simple. Everybody in the family can do it. And now instead of maybe cleaning once a year or really not cleaning at all, people are doing more cleaning.

You devised the four Cs and an O to describe an innovative culture.
The biggest ones [are] *openness* and *connectedness*. Openness is just so important. If your mind's not open, you can't even interact with a customer. If your mind's not open, you're not going to be able to engage in an innovation process. It's that sort of "jacks or better" to have an open mind. And then we really believe in connectedness, we really believe in collaborative, and they're related. They're not identical. *Connected* is fairly literally making connections. *Collaborating* is once you've made the connection, can you work in an all for one, one for all, with that value? And then the last two are *curious* and *courageous* ... We find a characteristic, high correlation in people who are naturally curious: the more things you're curious about, the more likely you're going to be an agile innovator or a contributing member of an agile innovation team. And then the last one is *courage*. I mean, there's a lot of uncertainty. Look at my industry, everyday household and personal-care products: 80% to 85% of the new ones fail.

Innovation demands failure. How does P&G manage that?
The key in the [innovation] process is that it's consistent, it's repeatable, and it's predictable. Innovation is a failure and risk-management game. If you're running a good in novation strategy and process, you have way more failures than successes. So what you want to do is fail early and fail fast and fail cheap.

You're a revolutionary in a company with an enormous heritage. A lot of CEOs get killed this way. How do you avoid the counterrevolution?
I worked hard on reassuring the culture—the P&G people and the P&G community broadly and the leadership—that I was preserving the core of the company, but we had to change everything else if we were going to achieve our aspirations. And then I said, "We're going to change the strategy. We're going to be an innovation-driven strategy." ■

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Getting in shape *A fence rings the area of London that will be Europe's largest construction site*

PETER DENCH FOR TIME

MEGACITIES

Let the Building Begin. Winning the 2012 Olympics gives London cover to spend billions to keep the city competitive

BY MICHAEL BRUNTON

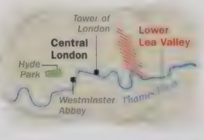
ON ITS 130-DAY, 20-COUNTRY RELAY TO Beijing, the Olympic torch recently flitted through London. Although repeatedly threatened by protesters of China's human-rights record, the flame managed to stay lit throughout a symbolic journey around the capital that began in the northwest at Wembley Stadium, the site of London's Olympics in 1948, and ended in the southeast at the giant O_2 Arena, just across the Thames from the Olympic Park, where the torch will return for the 2012 Games. Behind the 11-mile-long, 10-ft.-high (18 km long, 3 m high) blue fence that rings this bit of East London, known as the Lower Lea Valley, lies what will soon be Europe's largest construction site.

These 607 acres (246 hectares) were home to industries that for 400 years fed off the now vanished docks. Currently, 1.3 million tons of the area's soil is being washed of the oil, tar, arsenic, lead and other contaminants left behind; 5 miles (8 km) of neglected waterways are being revitalized; 30 bridges and 13 miles (21 km) of road are being built; overhead power cables are being pulled down and relaid belowground alongside new water, gas and sewage lines. When all is done, four permanent sporting venues, including an 80,000-seat main stadium and a sinuous Zaha Hadid–designed Aquatic Centre will rest on a landscaped carpet of green.

The cleanup is long overdue, but London has far more riding on 2012 than its reputation for putting on a good show. "It's not just 16 days of the Games. It will allow London to make the infrastructure improvements that will keep it globally competitive," London Olympic Organizing Committee boss Sebastian Coe told TIME. Winning the Games was so important to London's future that the organizers sent Posh and Becks and Tony Blair, along with 30 kids from London's East End, to lobby the selection board of the International Olympic Committee (IOC). Arguing for Paris, the odds-on favorite, then French President Jacques Chirac turned up and criticized British cuisine.

If all goes to plan, the Games will not only create 11,000 jobs and 9,000 homes within the park but will also kick-start a regeneration of the Lower Lea Valley that local officials hope will deliver up to 50,000 jobs and 40,000 new homes in the boroughs fringing the park, which include some of the most economically blighted areas in the U.K. "It's an unparalleled opportunity for city-making," says Tom Russell, head of the Olympic Legacy Directorate of the London Development Agency (LDA). Russell and his team must now turn their grand vision and hopes for a legacy of economic renewal into a business reality. The London Olympics will be spectacular, he promises, "but the truth is, Paris or any of the other competitors could have done the same. What marked London's bid out was our notion of a long-term legacy."

One way or another, legacy has been a deciding issue for the IOC's choice of host city ever since the Atlanta Olympics in



Revitalization *Developers hope to increase commerce in London's neglected East End, left; the upgraded Stratford rail station will be a main Olympic gateway*

1996, which is remembered for its profits (and the botched investigation of a notorious bombing) but for little else benefiting the city. By comparison, the Sydney Games of 2000 seemed like a triumph of competition over capital and a giddy affirmation of Australia's sporting heart. Oh, and the Aussies spent $4.8 billion on the city to make it so.

Sydney would vindicate the IOC's decision, made in 1993, to seek the genuine article. "The IOC's problem was that the human touch was going to be lost to commercialization," says Holger Preuss, a professor at the Institute of Sport Science in Mainz, Germany. "So it gave the 2004 Games to Athens—took them back to their roots."

The Greek capital got bad press for being slow to start building and was left with a couple of white-elephant stadiums. Even so, the advantages of a winning bid usually outweigh the pitfalls, says Preuss. "If you're not staging the Games, you don't get worldwide promotion, you don't get $2 billion from the IOC and a million extra visitors." And on top of the brand-image boost, Athens managed to leverage its Olympics into $5.8 billion worth of new road and rail infrastructure and urban renewal—a remarkable achievement in a city noted for civic futility.

But in the legacy stakes, that puts Athens only third on the list of four most recent Olympic host cities, according to research commissioned last year from the London East Research Institute (LERI). Top spot on the legacy list—and the model most often invoked by London mayor Ken Livingstone and other 2012 organizers—goes to Barcelona, which used 1992 to revivify the city's infrastructure and several miles of decaying seafront and to convert old industrial land into housing projects and commercial space. By accelerating an estimated 50 years' worth of infrastructure investment into eight, Barcelona refashioned itself from charming decrepitude into one of Europe's top tourist destinations.

London is hoping for a different sort of rebirth in the Lower Lea Valley, which includes the grimy eastern boroughs of Tower Hamlets and Newham. The Olympic Park is just one bead on a necklace of development aimed at shifting the capital's center of gravity to the east. Mounting the 2012 Games will cost an estimated $20 billion, but that amount is dwarfed by the combined costs of related projects like the new urban center for Stratford, which abuts the Olympic Park, and the Crossrail Underground, which will connect West London to East London by 2017. These and more than 25 other transport-infrastructure improvements are part of the Thames Gateway project, a 40-mile (64 km) corridor of regeneration stretching east of the city that is likely to cost some $90 billion over the next decade.

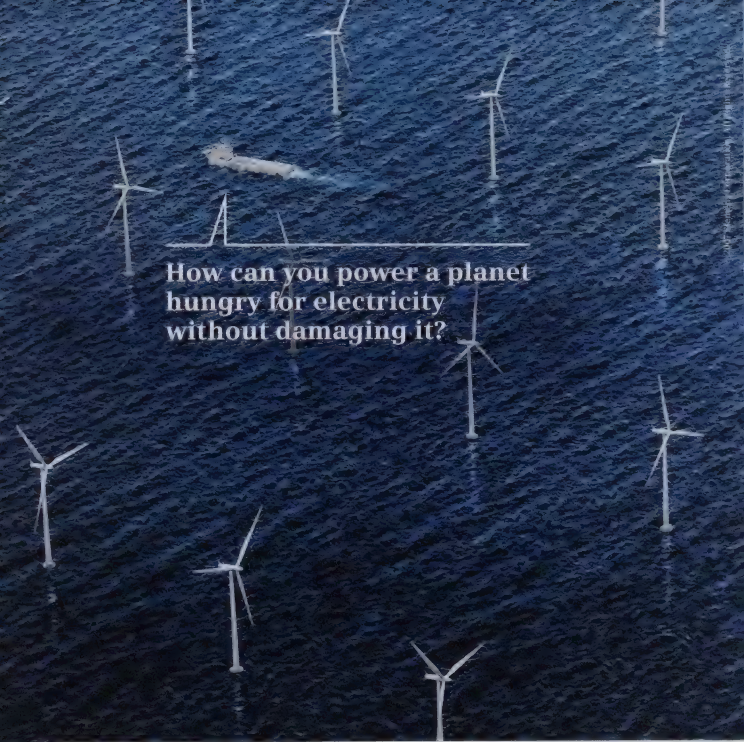
'If you're not staging the Games, you don't get worldwide promotion, you don't get $2 billion from the IOC and a million extra visitors.'

—HOLGER PREUSS, INSTITUTE OF SPORT SCIENCE, MAINZ, GERMANY

And there are other costs. To clear the Lower Lea Valley, the LDA had to pay $1.3 billion for 2,200 land and property interests and, in some cases, use compulsory-purchasing orders to relocate hundreds of businesses and residents. LDA's Russell says the process has sometimes been painful: "It was really difficult for people with legitimate interests in the area to find themselves being bought out compulsorily."

Will the sacrifices be worth it? That's a tricky call with four years left before the Games even begin. Real estate investors will be hoping for a reliable return, though current estimates for the resale value of the Olympic Park land after 2012 range from $1.6 billion to $6 billion. But they're not the only people with a stake in London 2012's legacy. East London's residents are bearing most of the risk of the Games, says LERI co-director Iain MacRury, and success will be determined by political and economic forces far beyond the Lower Lea Valley. When things go wrong or happen too quickly, MacRury warns, the result "can land like a spaceship at the end of your street that has nothing to do with you."

It happened to Montreal in 1976, when the Games nearly bankrupted the city and left it with a spectacularly awful Olympic Stadium that was too late, too big and too fragile. "Swifter, higher, stronger" may be a fine sporting motto, but the best legacies are those that fit. That's why, when the 2012 Games are done, London's 80,000 seater will be chopped down to 25,000. ■


How can you power a planet hungry for electricity without damaging it?

Feedback loop *Caldwell and Gebauer, from left, helped J&J's Kuschel lead a management makeover*

ANN STATES FOR TIME

TOP BUSINESS TEAMS

The Rage to Engage. Giving attention to workers can pay off as much as pay

BY BARBARA KIVIAT

IT'S NATURAL TO WANT YOUR EMPLOYEES to be happy. When people come to work with a spring in their step, chances are they do their jobs with more gusto, stick around an hour longer, go that proverbial extra mile—all of which boosts productivity and filters to the bottom line. Right?

Yes, says the burgeoning field of employee engagement, a movement that aims to quantify what, exactly, a company gets when it puts money into bonding with its workers. Consultancies such as Towers Perrin, Watson Wyatt, Hewitt Associates and the Gallup Organization measure how "engaged" workers are and then counsel companies on how to ratchet up those scores. The result is a slew of initiatives—like frequently telling workers how they generate value and offering them free retraining to move from one division to another—that go far beyond the rudimentary concept of motivating people with pay to get them to work harder. "In competitive times, we all have to achieve more with less," says Tobias Kuschel, director of global talent management at Johnson & Johnson. "It's important to achieve that in a way people don't feel squeezed like a lemon."

Engagement is an amorphous concept, but as anyone who ever worked on a team can tell you, it's critical—the unengaged undermine—even if it's tough to pin down. Gallup says the top driver is direct managers; Towers Perrin says interest and vision coming from the executive level are much more important.

What is increasingly clear, though, is that management attention to engagement leads to real returns. The Royal Bank of Scotland has found that in retail banking, a 10% increase in leadership effectiveness—as measured by a series of questions about direct and divisional managers—ripples into a 3% boost to customer satisfaction and a 1% reduction in turnover, which saves some $40 million that would be needed to replace workers. A study by Towers Perrin of 40 multinationals over three years found that companies with high engagement scores had operating margins that were 5.75 percentage points greater than those of low-engagement companies; net profit margins were 3.44 percentage points more. "The organizations that have cracked the code understand we're not just doing this to be nice; we're doing this for business reasons," says Max Caldwell, a managing principal at Towers Perrin, who with managing director Julie Gebauer runs the firm's Workplace Effectiveness group.

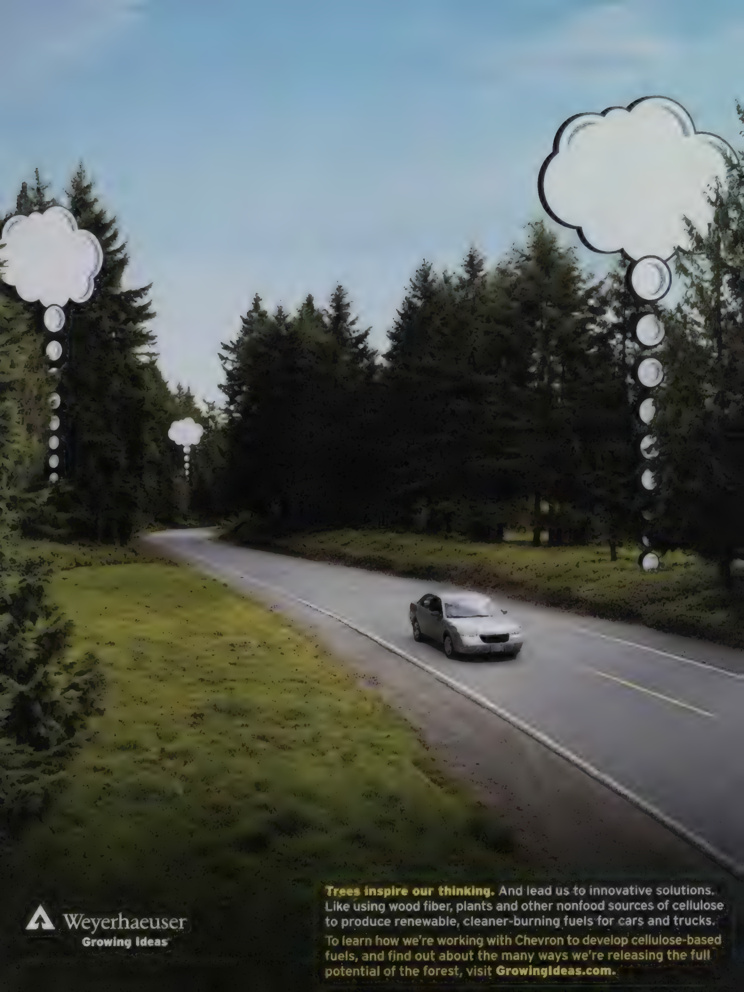
'Organizations that have cracked the code understand we're not just doing this to be nice; we're doing this for business reasons.'

—MAX CALDWELL, MANAGING PRINCIPAL, TOWERS PERRIN

Companies are putting real resources into these efforts. North Shore–LIJ Health System, for example, plowed about $10 million into worker training and tuition reimbursement last year. People at all levels are encouraged to expand their skills, which is how employees who start out as secretaries or housekeepers eventually wind up as technicians on surgical teams. That helps lead to a one-year retention rate of 96%, besting the industry-average 88%, and, ultimately, to better care for patients, says chief human-resources officer Joseph Cabral, who likes to display a chart that shows patient-satisfaction scores rising with employee engagement.

At Johnson & Johnson, the notion of engagement is part of overhauling the way the firm manages. One component gives work teams substantially more feedback on how they help the company as a whole. Imagine a chemical engineer in a Tylenol plant logging onto a system that shows how his factory's output feeds into divisional output—and how much closer that brings the company to its quarterly goals. "We believe this really creates commitment," says Kuschel. Once you're committed, the thinking goes, you work harder and make the company more money.

That outlook is a departure for many firms. "People used to think HR was just a cost center and not a source of value creation," says Alex Edmans, a finance professor at University of Pennsylvania's Wharton School who has studied engagement. In one paper, Edmans looked at FORTUNE's list of the 100 Best Companies to Work For and found that those firms' stock price from 1998 to 2005 rose an average 14% per year, as compared with 6% for the market overall. Edmans considers that pretty strong evidence. But there is always a chance that something else—say, good management—is causing both engagement and performance to rise. The consultants aren't done yet. ■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Growing Ideas
Trees inspire our thinking. And lead us to innovative solutions. Like using wood fiber, plants and other nonfood sources of cellulose to produce renewable, cleaner-burning fuels for cars and trucks.
To learn how we're working with Chevron to develop cellulose-based fuels, and find out about the many ways we're releasing the full potential of the forest, visit GrowingIdeas.com.

Overheated Chinese manufacturers, like this one in Baotou, face rising costs and fears of a global slowdown

CHINA PIX/GETTY

CHINA

China's At-Risk Factories. As the U.S. slouches toward a recession, the "workshop of the world" is looking vulnerable

BY BILL POWELL

CHINA'S NEAR MIRACULOUS ECONOMIC rise has been built on the smarts of men like Cheng Wei-lun and the sweat of the 800 workers he employs as chief executive of the Tianji Wooden Products Co. Based in Guangdong province in southern China, the company, which exports $10 million worth of toys and children's furniture annually, is like thousands of other small manufacturers that help form the backbone of the country's formidable export-manufacturing machine. But that frame is showing cracks, and all the brains and brawn in the world might not be enough to rescue Tianji Wooden Products. Cheng's costs have gone up 30% in each of the past two years, but competition is so fierce that he can't raise prices. "Our profits are gone," Cheng says. "If something doesn't change in the next few months, I will have to shut the factory."

Something is about to change—but almost certainly for the worse. Higher labor costs, a strengthening Chinese currency and soaring raw-materials prices are bad enough. Now a slowdown in global growth and a likely full-blown recession in the U.S. are about to stress-test China's manufacturing sector like never before—and could result in the shuttering of thousands of factories and cost hundreds of thousands of workers their jobs. Makers of low-end goods are already suffering. The Guangdong city of Huidong was home to 3,000 shoe factories at the beginning of 2007, but as many as 500 of them have closed over the past 15 months, says Li Peng, secretary of the Asia Footwear Association in Hong Kong. One-sixth of 44,200 textile firms tracked by the China National Textile and Apparel Council lost money last year, and two-thirds are just breaking even. "Manufacturers' profits are so low that when they hit the slightest snag, they have to close," says Li.

'Manufacturers' profits are so low that when they hit the slightest snag, they have to close.'

—LI PENG, SECRETARY OF THE ASIA FOOTWEAR ASSOCIATION

China's sweatshops have every reason to sweat. America buys about 19% of China's $90 billion in monthly exports. As the U.S. economy began to falter in late 2007, China's torrid export growth rate—for the past several years running at an annual rate of 20% or higher—was showing unmistakable signs of a slowdown. In February it plummeted to just 6.5%, compared with nearly 20% growth expected by economists. Exporters suffered major disruptions from power outages and transportation delays caused by that month's heavy snowstorms, but sluggish U.S. demand was also to blame. The value of U.S.-bound goods showed a rare year-over-year decline that month of 5.3%.

Although China is the world's second largest exporter, the country is not as dependent on overseas trade as some. Exports accounted for 36.8% of China's GDP in 2006,

On the job *Workers assemble eyeglasses at a factory in Guangdong province*

compared with 43.2% in South Korea. But China may be unusually vulnerable to weaker international demand because the country has in recent years built too many new factories. With investment capital readily available and China's economy roaring ahead at double-digit growth rates, heavy industry expanded massively. The value of China's steel exports, for example, jumped tenfold from 2003 to 2007, from $5 billion to $50 billion.

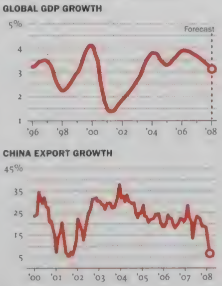
China's central government recognized early on that an investment bubble was probably forming. In 2004, for both economic and environmental reasons, authorities in Beijing began pressuring provincial and local officials to curb spending on aluminum, steel and cement factories; state-owned banks were periodically told to stop lending for industrial projects. But local officials often ignored the stop signs. More factories meant more jobs and more growth, which made them look good in the eyes of their political superiors. Not only that, but local officials, who can seize land and issue permits for new projects, were often silent partners in new manufacturing ventures. Too many factories were built as a result.

This overabundance of production capacity means China's export machine is like a race car with no brakes. As long as the road remains smooth and straight, the car roars ahead. But throw in some potholes and a tight turn, and the wheels come off. Factories have been able to increase output in recent years because the global economy has been on a tear. The 2004-07 period saw the second strongest bout of global growth on record—which translated into strong demand for cheap Chinese-made products. But this era may be ending. Most economists are forecasting a significant slowdown in worldwide GDP growth in 2008. This slowdown, predicts Lehman Brothers economist Sun Ming-chun, will prove to be the "unmasking of [manufacturing] overcapacity in China." Says Li of the Asia Footwear Association: "The cake is only so big, and when you have too many people trying to eat it, you will definitely have some go hungry."

Some are already starving. China's competitive advantage has been its armies of cheap workers, but that edge is getting dull. Labor costs have increased 50% in the past four years across southeastern provinces—an area of China sometimes called the "workshop of the world"—and a new labor law passed by Beijing will only add to the burden. Jonathan Anderson, an economist at UBS in Hong Kong, says factory owners in southern China believe the new law will drive labor costs an additional 10% to 25% higher. Among other provisions, the new law entitles laid-off workers to one month of severance pay for every year of employment. "In a case where an export market is going down, if you want to reduce your number of workers, then you face a lot of problems," says Stanley Lau, vice chairman of the Federation of Hong Kong Industries. To lay off people, "you need to pay a huge amount in compensation." Nor is there any relief from surging raw-materials costs. And slowly but surely, the renminbi, China's currency, continues to strengthen—it's now 12% higher against the U.S. dollar than it was 18 months ago—making China's exports more expensive worldwide.

Trouble down the line

China's manufacturing sector is getting squeezed as demand for goods slows



Sources: CEIC, Credit Suisse, UBS estimates

A major retrenchment could have serious consequences for China's economy and society. The specter of legions of laid-off migrant workers roaming the streets in search of jobs is bound to keep Beijing's economic policymakers—who fear the political consequences of widespread social unrest—up at night. Sun, the Lehman Brothers economist, says that as manufacturers are pushed to the brink, China's stock markets could see sharp declines. Given that many large, listed Chinese companies pad their profits by investing in stocks themselves, "a big correction could bring [corporate earnings] even lower, and a vicious cycle could result," says Sun.

Then there are China's fragile banks, which could be hit by waves of defaulting loans as factories fold. Although Chinese banks during the current boom have been able to reduce their unusually high proportion of nonperforming loans carried on their books, declining corporate earnings will diminish borrowers' ability to repay their debts. While it's difficult to assess the overall exposure of banks to the manufacturing sector, it's easy to imagine lenders getting caught in a Chinese-style credit crisis if manufacturing contracts sharply.

Of course, worst-case scenarios don't always come true. Anderson, the UBS economist, isn't overly pessimistic. But he sees China's export growth rate falling from about 25% a year to single digits by mid-2008. "2008 will likely be the year manufacturers [are] finally forced to take a general hit on profitability," he says. A soft landing for factories might even be beneficial for the country in the long term, because it would weed out inefficient operators and boost China's productivity. A period of "creative destruction" is an inevitable part of any business cycle. China's economic policymakers can only hope that the creative aspects of the coming shakeout outweigh the destruction. —WITH REPORTING BY AUSTIN RAMZY/BEIJING ■

CHINAFOTOPRESS

Clear strategy *Pernod Ricard hopes Absolut will grab market share from Diageo's Smirnoff*

SPIRITS

Stiff Drink. Pernod Ricard aims for global liquor dominance by paying a premium for the prize vodka Absolut

BY CHRISTOPHER REDMAN

PATRICK RICARD, BOSS OF THE FRENCH drinks giant that bears his name, enjoys a glass of pastis before lunch. But at a recent breakfast in his private dining room overlooking the Eiffel Tower, he was strictly a coffee man, despite having just pulled off a deal worth celebrating with something stronger. In March, Pernod Ricard stunned its rivals by landing one of the biggest prizes in the drinks sector: Absolut, the world's leading premium vodka, whose acquisition, Ricard concedes, was "a bit of a coup."

Not everyone agreed. As Ricard buttered his toast, the markets battered his firm for paying $8.34 billion for Absolut's parent company, Vin & Sprit—which was almost 21 times the Swedish firm's gross operating profit last year. As if to suggest that Pernod Ricard had overreached, Bruce Carbonari, CEO of Fortune Brands (which was trumped in the Absolut auction), claimed that the price for V&S would not provide an "appropriate return" for shareholders. Yet *le patron* remained unperturbed. Three years ago, the company leveraged itself heavily to acquire Britain's Allied Domecq, a $13 billion deal that doubled Pernod Ricard's size at a stroke and added such brands as Beefeater gin, Ballantine's whisky and Mumm sparkling wines to the company's drinks cabinet. But the debt was speedily reduced to manageable levels, allowing Pernod Ricard to hit the M&A trail again. The changed economic outlook in the U.S.—the world's largest and most lucrative drinks market and Absolut's biggest—will surely make debt reduction tougher this time around. But what really matters for Pernod Ricard is that it has filled a gaping hole in its portfolio with an iconic vodka brand.

Vodka, like liquid kudzu, just seems to grow and grow, especially in the U.S., where sales have expanded 35% since 2002. Russians still account for nearly half of the 1.22 billion gal. (4.6 billion liters) consumed annually, but the rest of the world is catching up fast, and global growth prospects are huge, especially for so-called premium vodkas. "There was no way that an ambitious company like Pernod Ricard could pass up an opportunity to acquire Absolut, even though it has cost them dear," says senior drinks company analyst Jeremy Cunnington of Euromonitor International.

'There was no way that an ambitious company like Pernod Ricard could pass up an opportunity to acquire Absolut.'

—JEREMY CUNNINGTON, ANALYST, EUROMONITOR INTERNATIONAL

Pernod Ricard paid top dollar for Absolut because it believes its marketing muscle can increase sales from last year's 10.7 million cases. But the economics of producing vodka surely played a part in its calculations. Whisky and brandy spend years maturing in wooden casks before they can be sold, tying up cash in inventory, but vodka is practically an instant money machine. The chemistry is simple: ferment grain or potatoes or even grapes to make alcohol, then concentrate it by distillation. Filter the resulting colorless, odorless spirit, possibly give it a fruit flavor, push out the publicity boat with a sexy name and designer bottles, and—voilà!—you have a premium vodka that can sell in the U.S. for upwards of $30 a bottle.

That's why Bacardi paid $2.2 billion in 2004 for Grey Goose, then a record for a single label, and why distillers are releasing new vodkas each week. Leading the field is Smirnoff, owned by Britain's Diageo, which dropped out of the Absolut bidding to buy a 50% stake in the Dutch premium vodka Ketel One for $900 million.

Pernod Ricard's task now is to goose Absolut sales. The vodka has come a long way since production began in 1879 in the southern Swedish town of Ahus. It remained a local brand for a century until 1979, when Russia invaded Afghanistan. Many countries shunned Russian products, including vodka. Absolut saw its chance to go international, and helped by what has become a memorable advertising campaign, it has never looked back.

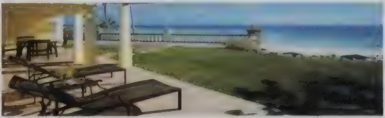
The acquisition of V&S brings Pernod Ricard closer than ever to its goal of catching Diageo. The combined company will have global sales of 91 million cases, compared with Diageo's 93 million. Absolut alone will propel Pernod Ricard from fourth place to second in the North American market, with a 14% market share, compared with Diageo's 26%. Can the former pastis family business become the global drinks leader? The banks that financed the deal in a difficult market show that for some, at least, the answer to that question is Absolut(ely). ■

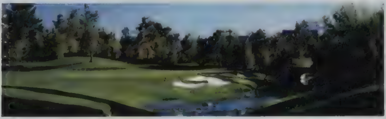
VACATION DESTINATIONS THAT ARE PAR FOR THE COURSE.

Explore some of the world's most romantic getaways.

PAGET, BERMUDA

Bermuda is known for many things. It's a romantic island paradise. It's an international hub for cultural exchange. Plus, it's a great place for golf. And while you're there, visit Elbow Beach Bermuda, one of the island's finest resorts. With a world-class spa, a temperature-controlled swimming pool and an on-site shop offering snorkeling and kayaking equipment, Elbow Beach earns its title as a top do-all, be-all Bermuda resort.



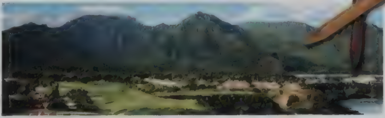


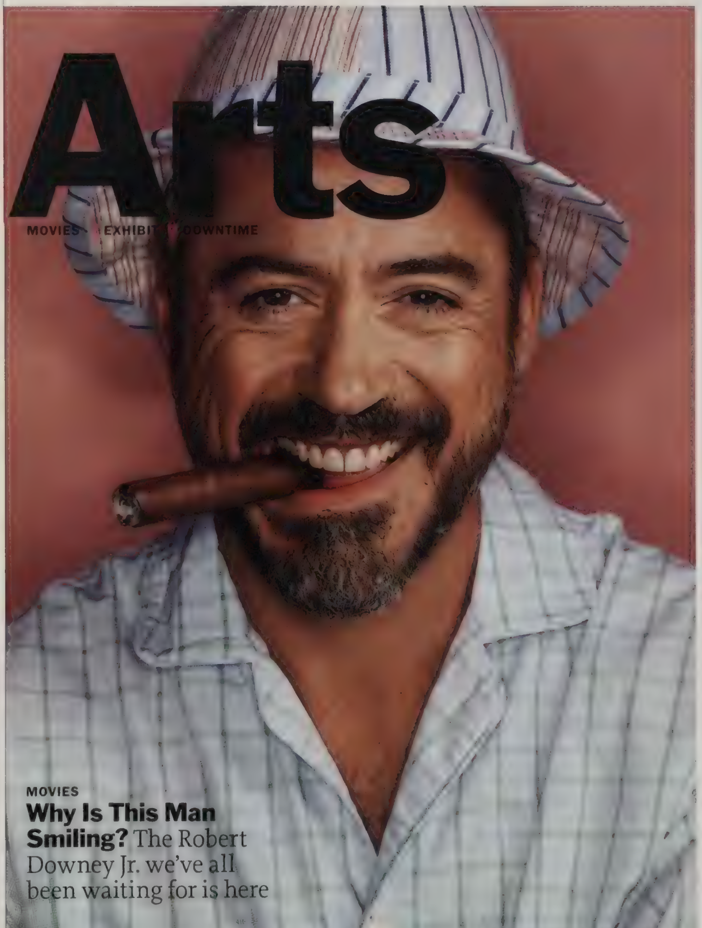
LAS VEGAS, NEVADA

Who would've thought that you'd find a golfer's paradise in the middle of the desert? We're talking about challenging fairways that reward the courageous and punish the indecisive. We're talking about Vegas, baby! And you'll find it all at the Wynn Las Vegas. Visit its luxurious spa for a deep tissue massage. Then relax in the sculptured pools or at the bar. And then do it all again tomorrow.

KAUAI, HAWAII

Lush tropical jungles. Pristine waterfalls. Emerald mountains. The garden isle of Kauai is as close to a romantic paradise on earth as it gets. Add a little golf to that equation and, well, life just doesn't get any better. Situated on a verdant bluff on the island's North Shore, the Princeville Resort dazzles with superb dining, exceptional recreational facilities and, of course, one of the nation's top-rated golf courses.





Arts

MOVIES · EXHIBIT · DOWNTIME

MOVIES

Why Is This Man Smiling? The Robert Downey Jr. we've all been waiting for is here

Photographs for TIME by Kwaku Alston

BY REBECCA WINTERS KEEGAN

"I'M JUST NOT THE HERO TYPE, CLEARLY," swaggering billionaire weapons contractor Tony Stark explains to the press in the first of this summer's bumper crop of comic-book films, *Iron Man*, "with this laundry list of character defects and all the mistakes I've made, largely publicly." Stark, who by the way clearly *does* think he's the hero type, is played by another sort you might not associate with saving the planet: Robert Downey Jr.

Fifteen years after he was nominated for an Oscar for his uncanny portrayal of Charlie Chaplin and seven years after his last of several well-publicized trips to either rehab or jail, Downey, 43, is finally claiming the career he was always meant to have, one befitting a fiercely talented, eccentric and magnetic leading man. Later this summer, Downey will appear as an Australian Method actor who is overly committed to playing a black soldier in Ben Stiller's raucous satire of filmmaking and war movies, *Tropic Thunder*. And in the fall comes another plum role, as a journalist who discovers a schizophrenic Juilliard violinist (Jamie Foxx) living on the streets of Los Angeles in Joe Wright's drama *The Soloist*. Downey's career feels a lot more than six years removed from 2002, when Woody Allen said he couldn't afford to cast the unstable actor in *Melinda and Melinda* because it cost too much to insure him.

Supine on a love seat in his home at the end of a leafy cul-de-sac in Brentwood, Calif., Downey attempts to explain his improbable comeback. Like many of his stories, this one meanders poetically and involves, oh, several hundred kung-fu metaphors. "I've just been at the ready, and when the opening was there, I hit it," Downey says. "Guard your centerline, watch the lead elbow, look for an opening, make contact, exchange, advance or retreat and stay connected." He's fit, mellow and reflective after a morning of power-flow yoga with his teacher Vinnie Marino, part of what could be called Team New Downey, a large coterie that includes yogis, massage therapists, martial-arts instructors and people who know about herbs. "I need a lot of support," Downey says, "like Lance Armstrong. Life is really hard, and I don't see some active benevolent force out there. I see it as basically a really cool survival game. You get on the right side of the tracks, and you now are actually working with what some people would call magic. It's not. It's just you're not in the f___ing dark anymore, so you know how to get along a little better, you know?" Um, sort of. "That's O.K.," he says. "I'm not imagining that you're going to follow all this until you hear it [on playback] later."

Downey's return from the brink is a fighter's tale. Since getting clean in 2001, the man who was at one time referred to as the best actor of his generation and also (in TIME) as a "stark reminder of the strangling power of addiction" has labored to show Hollywood that he deserves another chance. "He's somebody who's had it, lost it and now has it again, and it's like a pit bull who's got his jaws on a chew toy," says *Iron Man* director Jon Favreau. "Nothing will take this away from him."

Favreau lobbied to cast Downey as Stark, Iron Man's alter ego, when Marvel Studios and Paramount Pictures wondered if a younger actor with a blander past would be a smarter marketing choice for a potential franchise. In *Iron Man*, Stark's convoy of humvees is attacked following a weapons demonstration. Insurgents hold him captive in a cave and demand that he build them a devastating weapon. Instead, Stark builds himself a suit of armor with a new sense of purpose. "Tony Stark goes through a bit of a moral reawakening in this movie," Favreau says—a character arc that tipped the casting in Downey's favor. "You can't have a moral reawakening if you're in high school. You have to have done things in your life to be able to look back and say that I've made mistakes or maybe I should re-evaluate the way I approach things."

Downey prepped for three weeks for his one-hour screen test for *Iron Man*. "You run [the scene] until your subconscious can cough it up with ease," Downey says. "Then you run it to where, if you were woken up in the middle of the night, you could probably say it backwards. Then you write the whole thing out illegibly and see if you can scream through it as fast as you can, while only having a rough reference of what it is because it's written out like chicken scratch." Oh, and then if you're Downey, you probably improvise a couple of versions that are better than what's on the page and perform those too. "He really, really wanted it," says Susan, 34, his wife of 2½ years, a producer he met while making *Gothika* in 2002 and by all accounts the crucial member of Team New Downey. "Other than Chaplin, it's the role he's gone after the hardest. He knew he could do it, and he knew he had to prove it to people."

Downey was born in New York City's Greenwich Village, the son of an underground filmmaker and an actress. They divorced when he was 13. Downey was acting in his father's films—and partaking in his father's drugs—before he hit his teens. He learned his craft by osmosis. "I did the entire Sanford Meisner process just by hanging around and smoking weed in the stairways with my friends who had just gotten back from class," Downey says. "They'd tell me the exercises. It seemed like inevitably they wound up screaming and crying—screaming at each other and crying at what was screamed. I would just call that Thanksgiving."

By the mid-'80s, Downey had a promising career in teen comedies like *Weird Science* and *Back to School*. A groundbreaking role as a drug addict in *Less Than Zero* followed, and then, in 1992, came *Chaplin*. After he finished the shoot, he couldn't bring himself to leave the Swiss location.

The Downey Index. Markets are bullish on the actor's next films

Iron Man
He gets his Marvel moment—and action figure!—as weapons inventor Tony Stark, a superhero with a checkered past

Tropic Thunder
That's him, center, as a Method actor playing a black soldier in the ribald comedy by Ben Stiller, left, with Jack Black

The Soloist
He plays a journalist changed by meeting a schizophrenic violin prodigy (Jamie Foxx) on the streets of Los Angeles

FROM TOP: ZADE ROSENTHAL, PARAMOUNT; EVERETT; FRANÇOIS DUHAMEL, DREAMWORKS

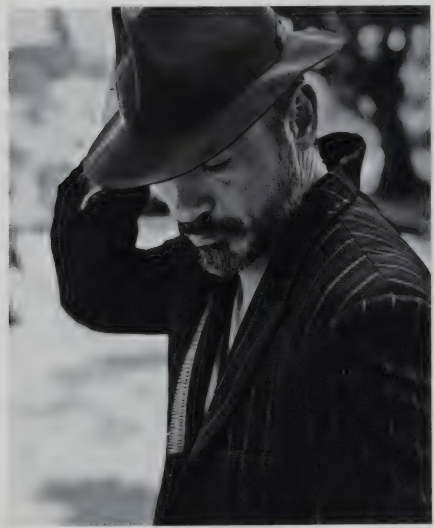
"I felt like I had just knocked one out of the park. I thought, You know what? This is the big turning point for me," he says. But when he went back to Los Angeles, it became "this huge anticlimactic thing that basically took on different shades of awe, wonder, acceptance, bitterness or disassociation for the next—what year is it?—17 years. There was this kind of lull, and I never really found any momentum to focus my creative energy after that, so pretty expectable things happened."

Downey got married, had a son, Indio, now 14, and separated from his wife, and then it got ugly. In 1996 he was arrested driving his Porsche naked down Sunset Boulevard, throwing "imaginary rats" out of his window. Another night, he mistook a neighbor's house for his own and fell asleep in a child's bedroom. His life was a series of court dates and drug relapses. In 2000 he got caught in a hotel room with cocaine and a Wonder Woman costume. After another arrest a few months later, Downey was written out of *Ally McBeal*.

"The problems we all face, they beat a lot of people," says Mel Gibson, who has been Downey's friend since they met on the set of 1990's *Air America*. "You try and deal with it. You try and manage it. I share that with him." Gibson, who has talked openly about his own alcoholism, gave Downey his first post-rehab film break, in 2003's *The Singing Detective;* as producer, Gibson put up the insurance money for his friend. Slowly, Downey re-established his credibility, making 16 more films in the next five years, including critical favorites *Kiss Kiss, Bang Bang* and *Zodiac*.

As he rebuilt his career, Downey also worked on, for the first time, a healthy relationship with a woman. "I don't want to be that schmuck who's just, you know, looking down a hallway in a leased McMinimansion in Brentwood going, 'Hey. I wonder what me and so-and-so are going to do tonight.'" The stable family that Downey craved didn't come intuitively. Early on when they were dating, says Susan, "he'd be driving home, and I'd say, 'Drive safely.' He'd be like, 'What do you mean? Do you think I'm not a good driver?' 'No, dude, that's what you say when you care about someone.'"

'The problems we all face, they beat a lot of people. You try and deal with it. You try and manage it. I share that with him.'
—MEL GIBSON



Downey on Downey
The actor talks more at time.com/downey

Downey learned that the lifelong yen for domesticity that sprang from his nomadic youth needed feeding. "I'm comfortable and rooted in the mundane, like a beekeeper," he says. "I've realigned myself with whatever my quirky-ass passions are. I love history. I love martial arts. Above all, I love my wife and my kid." When he and Susan have a child, Downey says, "I'm probably just as likely to wind up being John to her Yoko. She can go out and do some stuff; I'll stay home with little Missy."

If studio execs had any lingering doubts after casting Downey in *Iron Man*, they must have been soothed when comic-book fans greeted him ecstatically at last summer's Comic-Con in San Diego. A conventiongoer, dressed in a medical costume, strode up to a microphone at the Marvel panel and told Downey, "You've always been one of my favorite actors because we kind of share the same difficult past, if you know what I'm saying." To which a deadpan Downey replied, "Are you a war veteran too?" When asked why he dodged the kid's obvious search for some advice on beating addiction, Downey suggests that being the poster boy for recovery is just another form of narcissism. Other stars have been known to call Downey for help, a responsibility he doesn't seem entirely comfortable with. "I know this: I'm not the recovering guy, and I'm not the drug-addled ne'er-do-well, you know? I'm neither of those. I want out of that game. I want nothing to do with it. I want to do my work."

Somehow Downey's winding road through stints as wunderkind, ne'er-do-well and recovering guy took him to where he is today: a contented, kung-fu-obsessed homebody in the prime of his career. But he really can't tell you how. "If I try to explain it," he says, "then I'm imagining that I've figured it out." Hero he may be, but he's not the figuring-out type. ■

No more mug shots? *These days Downey indulges in kung fu and the Military Channel*

AN OLD WOMAN COOKING EGGS
Diego Velázquez, *1618*

EXHIBIT

Making It Real. A new show examines how Spanish painters brought the ordinary world to heavenly heights

BY RICHARD LACAYO

PHILIP III OF SPAIN IS ONE OF HISTORY'S also-rans. Historians tend to treat his reign, from 1598 to 1621, as a kind of listless interval between that of his father Philip II, who consolidated Spain's global empire, and that of his son Philip IV, a middling monarch but one whose court painter was Diego Velázquez. That cinched his immortality. Philip III was known for his piety, his love of luxury and his willingness to allow his chief adviser, the Duke of Lerma, to run things—not always well.

All the same, he presided over an era when Spanish painting was moving, sometimes spectacularly, into the golden age that it fully arrived at after his death. You understand that right away from the thunderclap that is the first gallery of "El Greco to Velázquez: Art During the Reign of Philip III," which has just opened at the Museum of Fine Arts (MFA) in Boston. There are five fierce El Grecos in that room, all humming in his high, mad register. Spain may have been adrift, but its art was advancing nicely—and advancing into territory where you might not have expected Spanish art to go.

Though it's not the only subject of this wonderful exhibition, co-curated by Ronni Baer of the Boston MFA and Sarah Schroth of the Nasher Museum of Art at Duke University, one of the show's plain lessons is that during Philip's reign, Spanish painters perfected the means of bringing recognizable human beings into their art. Spain may have been a center of Catholic piety, its eyes always fastened on heaven, but its paintings were full of vital, supple people made of real flesh and blood.

STILL LIFE WITH QUINCE, CABBAGE, MELON AND CUCUMBER
Juan Sánchez Cotán, *ca. 1600*

That was partly because of the arrival of influences from outside, especially Italy. As his name tells you, El Greco (the Greek) wasn't a product of Spain at all. He was a meteor that fell there. He was born on Crete in 1541 and made his way to Spain, via Venice and Rome, only in 1576. But he spent the remaining 38 years of his life there, mostly in Toledo, and his high-key palette, flickering brushwork and twisted Mannerist figuration were perfectly suited to Spain's militant piety and the strain of Catholic mysticism spreading there through the writings of St. Teresa and St. John of the Cross. A cooler, more classicizing artist would not have answered so well to the emerging Spanish taste for religious ecstasy.

El Greco brought with him the practice of making portraits of ordinary people, not just royals, nobles and high churchmen. He was one of the first European painters to probe psychology—although he wouldn't have called it that—in his portraits, and when he turned to devotional subjects, he treated those as portraits too. His *Saint James* is not the picture of a remote celestial being but of a man, even a contemporary.

Velázquez, one of the greatest painters in history, would take note. Born in 1599, he started his career painting *bodégons*, kitchen scenes, like the meticulously detailed *An Old Woman Cooking Eggs*. This was the homey territory that Dutch painters worked in all the time but where the high-minded El Greco didn't venture. (You can't imagine any of El Greco's crackling holy men doing anything in a kitchen but frightening the cooks.) Like Caravaggio, Velázquez would also use ordinary people as models for figures from the Bible. When he paints *The Immaculate Conception*, you can tell just by looking that it's a local girl from Seville dressed as the Virgin.

Another import from Italy was the still life, and some of the most haunting canvases in this show are the paintings by Juan Sánchez Cotán. His practice was not so much to present as to isolate a few vegetables and pieces of fruit on a shelf or suspend them above it on strings. All are sharply lit before a deep black background, the simplest products of creation, not just seen but beheld, and summoning us from the darkness. What should we make of the mysterious gravity in these pictures? Perhaps just that in fiercely religious Spain, even a cabbage could be God's anointed messenger. ■

Get the Picture?
Richard Lacayo blogs daily about art and architecture at
time.com/lookingaround


THERE CAN ONLY BE ONE
NBA
Where amazing happens.
NBA Playoffs on ABC, ESPN, TNT and NBA TV.

Downtime

ILLUSTRATION FOR TIME BY SEAN MCCABE

5 Things You Should Know About. Avoiding Pacino, seeking out Hanks and Roberts, and finding Osama

DVD

Charlie Wilson's War *Directed by Mike Nichols; written by Aaron Sorkin; rated R; available April 22*
Did moviegoers avoid this snazzy, ultra-smart comedy because they thought it was another earnest screed on the war on terrorism? Now they have a second chance to discover its beguilements. Tom Hanks: slick and charming. Julia Roberts: slinky and conniving. Philip Seymour Hoffman: scuzzy and simply brilliant. Don't let this one get away again. **A-**

MUSIC

Flight of the Conchords *Flight of the Conchords; out April 22*
New Zealand's self-proclaimed fourth most popular rap-funk-comedy-folk duo is about 20% less funny without its HBO show's visuals. But rap absurdity *Hiphopopotamus vs. Rhymenoceros* and *Bowie* (a David Bowie–like song about David Bowie) are sharp enough to keep you listening and melodic enough to hum when the jokes wear off. **B+**

MOVIES

Forgetting Sarah Marshall *Directed by Nicholas Stoller; written by Jason Segel; rated R; now playing*
When his girlfriend dumps him, Peter (Segel, who looks like the offspring of Sly Stallone and Rodney Dangerfield) goes on a Hawaiian vacation that's part moping, part stalking. The fifth guy comedy in a year from producer Judd Apatow, this one is the sweetest, partly because Segel has written the weepy-girl part for himself. Cute, raunchy fun. **B**

Where in the World Is Osama bin Laden? *Directed by Morgan Spurlock; rated PG-13; now playing*
He survived a month's diet of Big Macs. Now the *Super Size Me* guy tries to track down al Qaeda's CEO simply by asking people in the Middle East where he is. As a poli-doc auteur, Spurlock is kind of a slacker Michael Moore. He figures that if he asks nicely, maybe radical Islamists won't want to kill us. Even if it doesn't work, he'll have fun trying. **B-**

88 Minutes *Directed by Jon Avnet; written by Gary Scott Thompson; rated R; now playing*
Everything goes wrong, stupid and ugly in this thriller about a college professor and shrink (Al Pacino) who's told he has 88 minutes to live and must find the perp when some of his foxiest female friends turn up grotesquely dead. Not quite as repellent as the recent sickie *Untraceable*, it's still Pacino's worst film of the decade—and remember, he was in *Gigli*. **D**

60-SECOND REVIEW

Murder Most Original

VERY EARLY ON THE morning of June 30, 1860, a murder took place at an English country house called Road Hill. The owner's son Saville Kent, 3, was gently, silently lifted from his bed. His assailant suffocated him, stabbed him in the chest, cut his throat and finally dropped him head-down through a hole in the servants' outhouse. His body was found later that day. In the months that followed, the Road Hill House murder became a national obsession. It seemed to reveal some sick secret truth lurking in the hushed, upholstered heart of the Victorian household; Wilkie Collins' *The Moonstone*, the first English detective novel, is based on it. The task of solving the crime fell to one Jonathan Whicher, the son of a gardener and one of the original eight London policemen selected to join a new, élite unit of detectives headquartered at Scotland Yard. Kate Summerscale's **THE SUSPICIONS OF MR. WHICHER** (Walker; 360 pages) is not just a dark, vicious true-crime story; it is the story of the birth of forensic science, founded on the new and disturbing idea that innocent, insignificant domestic details can reveal unspeakable horrors to those who know how to read them. —BY LEV GROSSMAN

Joel

Stein

Financial Meltdown. As the price of gold soars, Joel ponders selling the necklace that (barely) got him through high school

THOUGH I HAD EVEN HIGHER ASPIRATIONS, APPARENTLY my mom was so impressed with my graduation from sixth grade that she bought me a gift: an incredibly cool gold-chain necklace. The chain said to all who saw it, Sure, I may look like an honor student who is bad at sports and gets stomachaches before parties, but I am actually capable of horrific violence, passionate love-making and savage indifference to a tribe of orcs with my +2 broadsword. I wore that chain every day, from sixth grade to 17th grade, when my new girlfriend told me I had to take it off if I wanted to have sex. And when you're a struggling 22-year-old with two roommates, you don't hold on to sentimentality in the face of such demands. I would have taken out my gold fillings.

That chain still means a lot to me, symbolizing my triumphs against adversity, which include getting a job in journalism while wearing a gold chain. But lately I've been looking at that chain differently. With gold climbing from $275 an ounce in 2000 to an all-time high of more than $1,000 earlier this year, late-night commercials for companies like Cash4Gold—the 271st fastest-growing company in the country according to *Inc.* magazine and the most embarrassingly named company according to this one—are asking me to mail in my gold for cash. My chain, in these hard times, might buy me my last prix fixe meal.

Not really wanting to part with it, I called my mom to get her to talk me out of selling it. "When are you doing this?" she asked. "I have a lot of gold I'd love to get rid of. I wear more costumey, fun stuff. I think it's younger-looking." I do not have a particularly sentimental mother.

But if I really was going to sell my chain, I didn't want to do it at some seedy pawnshop or through an infomercial company. It turns out a lot of people feel the same way. Gold parties, at which friends gather over drinks after raiding their senile mom's drawers for heirlooms to melt down, have become this recession's dance marathons. I called January Thomas, who just quit her sales job in Michigan to run her new company, My Gold Party *(mygoldparty.com)*. She sent me a $700 kit with a jeweler's loupe, a scale and a machine that tests how many karats a piece of gold has. I had not felt so Jewish since my Bar Mitzvah.

Thomas warned me to have plenty of money in my account, since I'd probably be writing checks for about $300 to every person who came to my party. I was supposed to use the karat-testing machine, that day's price of gold, a chart in her book and a calculator to give people about 75% of the value of their gold, since 5% was going to the refinery and 10% to cover the cost of the party. I got to keep the rest. This seemed like the most difficult party in the world to run other than the Democrats'.

On Sunday afternoon, I served wine and Greek food to 20 of my friends, who I thought had come to sell their jewelry but actually came to make fun of me. This was one of the few parties at which, instead of inviting writers, I would have been far better off loading up the e-vite list with meth addicts. After a while, some let me test their jewelry "for fun." When my machine read NOT GOLD, I found myself comforting people, telling them that their parents probably didn't know or that brass was the platinum of the early '80s.

But soon I was writing Ali a check for $104 for a necklace and earrings and Alex one for $223 for two chains. Not only wasn't I sure of my math and karat-checking abilities, but also I was pretty sure that Ali tricked me, since she handed me a gold-covered piece of chocolate as well. I may have lost a lot of money on this essay.

When my friend Duncan gave me his confirmation pendant with an engraving of the Virgin Mary, I looked at it through my loupe and offered him $210. He was greatly impressed. "If this was high school, that would be gone," he said. Apparently Duncan had some pressing cash needs in high school that he chose not to expound upon. But even amid the recession, Duncan took his necklace back, happier with it than he'd ever been. "I feel like my dad was validated for all those years of telling me to hold on to my medal," he said. "It might go back on my rearview mirror."

After everyone left, I put my chain on the scale. It's only 12 karat, but it could be smelted down for $265. I'm wearing it right now. At least until my wife notices it. ■

ILLUSTRATION BY JACK GALLAGHER


As a matter of fact, the water you drink does make a difference.
- Matt Damon
ethos.
WATER
Over one billion people around the world lack clean water. Join me in my partnership with Ethos Water and H20 Africa and make a difference in the world water crisis. Every time you buy a bottle of Ethos, money goes to help provide children with the access to clean water they need. So if you choose to drink bottled water, please choose to make a difference. To learn more, **visit ethoswater.com**.
H2O AFRICA .ORG
Every Bottle Makes a Difference.™
Ethos is a proud supporter of "Running The Sahara." In theaters this spring.
A donation of $0.05 is made for every bottle of Ethos sold toward the Ethos Water Fund goal of donating $10 million by 2010.